

CANADA'S

WEEKLY NEWSMAGAZINE

Maclean's

JANUARY 13, 1997



RAISING THE ARROW

...lling out
...e Arrow,
...t. 4, 1957

...he plot to
...ill Canada's
...supersonic dream:
...act or fiction?

**Dan Aykroyd as
Avro president
Crawford
Gordon**

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02



This Week

JANUARY 13 1997 VOL. 110 NO. 2



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Departments

EDITORIAL 3

LETTERS 4

OPENING NOTES/PRESENTS 12

CANADA 14

Canada's only minister walked a rocky road in his first year: recent minister's departure from Ottawa, the military faces a new round of scandals.

WORLD 24

A gunman and a civilian revolt threaten the chance of a quick Israeli withdrawal from Hebron. Pineda's hostage saga puts the focus on prison conditions. Washington questions the role of war in Congress.

WORLD 30

Prime Minister Jean Chrétien's role in the hard times.

PERSONAL FINANCE 45

COVER 48

IMMIGRATION 50

Although declining, the number of Israeli refugees accepted by Canada continues to cause controversy.

JUSTICE 52

A guilty plea to sexual assault charges by a senior hockey coach stuns the Presses and the hockey world.

PEOPLE 61

MUSIC 62

Canada's Tenor Clark conquers Nashville with his country soul, fiery boots and lively songs.

BOOKS 65

As William L. Miller introduced his own character strengths into a vision for Canada, a book writer argues that Canadianism is on the rise, a long-term perspective the domestic literature debate while profiling the bibliography Dr. Henry Morgentaler.

Columns

BARBARA ANGL 15

ROSS LAVER 41

PETER C. NEWMAN 43

ALLAN FOTHERINGHAM 55

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Cover

48 Raising the Arrow

With the Arrow, Canadians dared to believe that they could make the best, strongest jet fighter in the world. A CBC mini-series chronicles the rise and fall of that dream—and reveals a hotly contested conspiracy theory about the cancellation of the Arrow in 1959.



Features



36 Back on the rails at CN

After five years and 14,000 layoffs, CN has been transformed from a bloated Crown corporation into a lean, mean private company.



14 Questioning a casino craze

As casinos and other forms of gambling spread across the country, critics are asking whether the benefits for governments are worth the human cost.

45

Smart options

Canadians like Phyllis Kohn now are seeking investment opportunities other than low-cost CDS, a trend examined in this week's Personal Finance feature.



From The Editor

Work: the issue of '97



Priest Minister Jean Chrétien spoke the truth in a recent interview with *Maclean's* when he described the "very complicated" Canadian system in which four different political parties vie for national favor, reluctant to do anything "because it might hurt their cause." The grand national plans, he adds, have been "destroyed by regional jealousy. That's a big problem in Canada, a

big problem. If you do something in one part of the country, the others will not do it."

The Prime Minister's trip to Asia with the premiers, which starts this week, may provide an unusual opportunity for Canada's leaders to work together, rather than trading each other apart. That certainly is the will of the people. And as they touch down in South Korea, the Philippines and Thailand, the Prime Ministers will discover that the once-booming reform is going through its own self-searching. The issue is the growing realization that growth alone, whether in cities or chemical plants, cannot point the way to sustained economic health; the real answer lies in improving the skills and education of the workforce. In South Korea, there is concern about declining exports while a general strike over anti-trust legislation took several hundred thousand workers into the streets of Seoul. In the Philippines and Thailand, growth forecasts have been slashed and multinationals worry about the lack of trained technicians and managers.

Canada's leaders will do well to focus on the concerns about human capital. Back home, unemployment is the issue of 1997 that will make or break political parties. It is no longer good enough

for the Prime Minister to suggest, as he did, that people who have trouble finding work should move. It was Jean Chrétien, after all, who denied Conservative prime minister Kim Campbell during the last election with this boast: "We want to create jobs in the year 2000. For us, the priority is to create jobs in 1997, right now and we will start in November."

The date was Sept. 6, 1993, and Campbell had just observed that all the industrialized countries of the world could expect "an average level of unemployment for the next two or three or four years." At the time, unemployment was hovering at the 11 percent rate. In the latest Statistics Canada report, the rate was 10 per cent under Chrétien, the low has been 9.2 per cent. Worse, full-time work declined in November, offsetting an increase of 36,000 part-time jobs. And among young people, the unemployment rate was more than 17 per cent.

Closely, it is time for the political leaders to stop pretending that they cannot do anything about creating jobs. The lack of work and the level of underemployment in this country is a national scandal. If Canada has a mission, it is to focus on creating jobs. It's the Year of the One on the new calendar. Chrétien could convene a national conference on jobs, inviting the best minds from industry and academia to join the Prime Ministers in designing programs for creating employment. November is over. The year 2000 is approaching.

Robert Lewis



Alykryl and Johnson, vinted memories

In sifting through the mounds of fact and myth about the Arrow for this week's cover story, Johnson, with help from Researcher Jonathan Harris, talked to actors, scientists, historians, former Arrow employees and their children. "It's incredible how worked up people get about the Arrow almost four decades after the fact," said Johnson. "Once we got out that I was writing this piece, I had Arrow experts go and can showing me out of the book, wanting to tell me the 'real story'." John Callwood, *Maclean's* contributor, a personal aide to this week's cover package, was given by Senior Editor Patricia Hussey. Forty years ago, Callwood was assigned to write about the revolutionary new Arrow jet engine by Pierre Berton, then managing editor of *Maclean's*.

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Since quick and easy access to the Internet is a key feature of Office97, Microsoft is launching it with Canada's first Internet poll. It begins at noon on Jan. 15 and ends 24 hours later. At 4:00pm on Jan. 26, through

the miracle of technology, you'll get the results.

Be online, meet, and get excited. Your participation in the poll could have different results into a second-reading contest. We hope that people in offices across the country will get connected and have their voices heard. In their lunch hours or after work, or on weekends.

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Where do you want to go today?**



Newsroom Notes:

Straight to the heart

When *Maclean's* Senior Writer Brian G. Johnson went to Winnipeg last summer to interview Dan Aykroyd on the set of *The Arrows* (the 1992 mini-series about Canada's troubled fighter jet, it brought back vivid memories. "I grew up just a few miles from the Toronto airport," he said, "and as a kid in the 1950s, it was a huge thrill to see this white jet screaming across the sky. I even had a plastic model of the Arrow on our rec-room wall."



Parliament Buildings: a chaotic state?

The future is now

I read with interest your year-end issue "Canada in 2000," *Corner*, Dec. 30, 1996/Jan. 6, 1997. Your analysis of Canada and its people is accurate and insightful. As someone who worked for the federal government for 18 years and lived all his adult life in Ottawa, it is my impression that in the era of globalization, the Canadian economy and its government is increasingly coming under the influence of global markets forces that the economists and politicians cannot even predict, let alone control. This leads me to wonder if Canadian society is headed to the chaotic state described in *Alvin Toffler's Future Shock*. I hope I'm not that bad!

Genaro Belli
Ottawa

This "chaos and uncertainty" class warfare doctrine you perpetuate in your year-end poll regarding old. Typically, you asked re-

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spondents whether they believe corporate leaders' salaries should be kept in line with other employees, and the response was obviously yes (75 per cent). Ask these same people if they would reject the lower salary if they themselves had the opportunity to take on the top job, and I believe their honest response would be no. Granted, there are social weights that need to be heeded, but the remedy is not to grease the more war between the classes.

Charles Gorman,
Dawson, B.C.

In an issue in which the collective Canadian voice speaks with audacious restraint, how, Isaac Prilutsky hits the nail on the head ("Where we

live, where best interests?" *The Road Ahead*). Prilutsky defines the cause for the shared collapse of political will. Without their knowledge, the people of Canada have become disenchanted. If there is no serious consideration of the management of the monetary policy by the Governor of the Bank of Canada, citizens will be unable to imagine viable alternatives. If economic promises are always established by the Business Council on National Issues, of course Canadian citizens will feel that the future is no longer in their hands. When will a political party be brave enough to confront the closet totalitarianism that currently determines the economic priorities of our nation? When will a politician speak up for the necessity of restoring democracy not just for shareholders, but for Canadian citizens?

Fred Horvath,
Ottawa

Older than you think

For the most part, I agree with your review of the musical *Juno & Jay*, but I take exception to the comment that "Spain's role should be the inferior social status of women." Silver Beldwyn, makes her second, judiciously, as if she had been reading Gloria Steinem a century before the fact ("Phantom in the Eye," *Theatre*, Dec. 26). If you had read the book *Juno & Jay*, you would know much of Charlotte Brontë's writing deals with the inferior social status of women. At

'A turning point'

I would like to congratulate Peter C. Newman on his excellent essay on the subject of the new millennium ("The dawn of a new millennium," *Special Report*, Dec. 30, 1996/Jan. 6, 1997). In my view Newman quite rightly identifies midnight, Dec. 31, 1999, as a turning point and the marking of a new millennium as a public event that will help define Canadian culture for years to come. The advent of a new millennium offers Canadians and the world a tremendous opportunity. It can lead to an increased dialogue among Canadians as to where we have come from and where we are going. This in turn can lead to an increase in understanding, harmony and unity among the people and regions of Canada. Such a national conversation and celebration will also help define our role in the world at the beginning of the 21st century, and in the process help us to define ourselves and our nation.

David Wolfson,
Co-founder and executive director,
Influential Council of Canada,
Toronto

the time her novels were written, she was criticized for being immoral and unreliable. I would not say that Brontë had been reading Steinem, either I would say that Steinem read Brontë, or so should we.

Pink Tracts
Halifax, N.S.

A lot of fat

Your Dec. 23 coverage of "Low-carb diet is hot" (*Opening Nosed*) gave me the kind of shudder that must have occurred in the 1983 Air Canada flight forced to land at Gimli, Man., when a mistake about metric conversions caused the jetliner to run out of fuel. While not as serious, you stated that a 500g can of Diet Coke's ketchup must contain 16 g of fat, quite a feat. It was probably a 55-g can, but that such an error crept up in print makes me wonder just how accurate we really have become.

Martin J. Sklarick
Toronto

In your article discussing the lack of statistical data on food labels in Canada, you compare the labelling in the United States and Canada at *Spice and Herbology's* may cause for fat content. Don't you? Canadian know Spain and mayonnaise are full of fat? Do people who eat Spain care?

Patrick McGarry
Andrew, N.Y.

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Healthy Bites

WEATHER WATCH

The effects of winter on our bones

Most know the importance of calcium in maintaining strong bones, but what about the role of vitamin D? Put simply, without sufficient vitamin D, calcium can't be properly absorbed, and our bones can lose calcium, leaving us vulnerable to osteoporosis.

When D comes from the effect of the sun on the skin and from food. However, from October to the end of February (north of Edmonton till the end of March), the sun here is not positioned to produce vitamin D. Research also indicates that the vitamin D our bodies can store in the summer is likely not enough to get us through winter. This makes dietary sources of vitamin D especially crucial during the winter.



How to perk up your immune system

A North Carolina study has shown that improving the taste of food can increase immune functions. Researchers already know that eating tasty foods induces the production of body endorphins. They now believe that these hormones, sometimes referred to as "the body's own opium" for their abilities to induce feelings of well-being (and pain reduction), can also increase immune functions which may improve resistance to disease.

The study, conducted with seniors, used common flavours like beef, cheese and maple to enhance foods.

Compensating with diet

Good food sources of vitamin D are few. So, to avoid deficiencies, the government requires that cow's milk sold in Canada be fortified with vitamin D. A single serving of milk (250 mL, or 8 oz) provides 96% of the recommended daily intake for people 19 to 49 and 43% for those 50 and older. Salmon, mackerel, sardines, tuna and herring are also excellent sources. Liver and eggs provide smaller amounts.

Potatoes and public perception

Contrary to public perception, potatoes are not "fattening". A medium size potato has no more calories than a banana or a pear and is a source of 30 essential vitamins and minerals including vitamins B and C, potassium, magnesium and fibre. They are, in fact, nutritionally superior to the pizza and rice that have pushed potatoes from the dinner table.

From the Dairy Bureau of Canada

Chalk it up to



THE MAIL

tal emergency room if symptoms worsened, and in one case, to call his primary care physician on the following Monday morning for an appointment. He did call on that Monday and was promptly seen by a physician who admitted him from our emergency centre to the hospital for a cardiac workup. He did have bypass surgery. This is different from the version presented by Maclean's, which stated our physician "told him nothing was wrong and sent him home."

Dr. Arthur R. Goshin
President and CEO
Royal Canadian
Banks, N.Y.

Ridley for your issue on health care. It appears that doctors in Canada and the United States have more in common than ever before: physicians in Canada and the United States should organize as trade unions. What's more, it should be clear now that patients also need their doctors to have unions.

Dr. Robert L. Wommersley
President
College of American Physicians & Dentists,
Oakland, Calif.

'His crown is slipping'

Your last rap on Jean Chretien as a senior was backed up by a photo of the year in which the Prime Minister grabs a dinner straight by the throat ("And promises to leave," from The Editor, Dec. 30, 1996/Jan. 6, 1997). If this demonstrates a national flag, the coronation should be held with a date with thousands of children, then he should have thought again. Fortunately, the Prime Minister responded as he did. Would you have preferred he had covered again?

Dr. Pauline
Ottawa

Prime Minister Chretien promised that if elected he would eliminate the GST ("Did Chretien lie?" Canada, Dec. 23). Canadians are aware of this. And so is he. But his sleight-of-hand in the matter has caused him to lose credibility. Most Canadians would rather hear Jean Chretien admit that he cannot fulfill his promise because "we are on the road towards financial recovery. A simple 'I'm sorry' would have been sufficient and it would have restored the people's trust in him. I guess that politics and telling the whole truth are not compatible.

Jack Rivest,
Trois-Rivières, Que.

The Prime Minister's crown is slipping. No politician makes an honest \$38-million mistake.

Dr. R. Schmitt
Burlington, Que.

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Just in time for the 1997 RISP season, Maclean's writers and researchers assess the best and worst mutual funds in a special editorial package. In the Jan. 27 issue, available on most newspapers beginning on Jan. 20, included in the package is an exclusive poll of Canadian investors, in-depth articles on the latest trends and controversies in the investment industry, rankings of funds in each of the 16 major fund categories, and advice from the experts on how individuals can maximize their RISP returns. Whether they are experienced investors or are just beginning to plan for their retirement, readers are sure to find a wealth of valuable information in Maclean's actual fund report.

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What's On Your Mind?



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Column



Barbara Amiel Hilary Weston's sound career move

Since I returned to Toronto for the holidays, the topic du jour is the appointment of Hilary Weston as Ontario's lieutenant governor. I can't remember an appointment that has brought out the snarling side of journalists more than this. The first bit of press I read was a lead column in *The Financial Post* followed by the most malandrous stuff in *The Globe and Mail*. What on earth is going on, I wondered? Then I remembered back in 1980, when *Maclean's* editor Peter C. Newman decreed I should write an article about Canada's jet set, I had to clue what questions to ask the various people Newman suggested, having never attended such events as Toronto's Brouha Ball, never skied at visited places like Aspen or Palm Beach. Not surprisingly, my article went through many iterations and ended up with lots of pictures of rich people.

Also, of all the things I had written up in then, this article appeared to be the most widely read. Such was my confirmation of the great wisdom of George Orwell. In his brief last appendix to *Mythical England*, titled "The provincial Newspapers," Orwell identified PROLETER as "the rubricized enter- tainment and spurious news which the Party handed out to the masses." Prolefeed is what I wrote in Canada's job-interview. The newspaper coverage of Hilary's appointment is prolefeed, which explains its effect.

It's hard to tell which bothers journalists more about Hilary's appointment, whether she is really too conspicuous as the daughter "of a very ordinary Irish family" who was "physically obscenely" by Colin Watson, or whether she is too rich in the "wide of a hollowed" placed with this dilemma, they writers both. *The Globe and Mail* Dec. 29 editorial page takes nine excerpts from its own social columns to use against Hilary, so if the nonconformist writing of their society writers over the years were somehow indicative of a character fault.

I thought this leadership journalism was rock-solidism, and I turned to the columns by the *Globe's* life-part On Business editor, Margaret White, who takes in five more quotes and casts them in an even more despicable way. White cannot give me a single reason why the appointment is wrong, but her first paragraphs tell the story: she says the appointment is a feminist issue in the same league as last year's election and she should prefer feminist writers like Joan Calwood or Doris Anderson, extranaturalistologist Robert Bland or actor Martin Hoffer.

Well, I taught junior lawyer and writer Maureen Sabu, but I'm not going to hang on like a deranged leech against Hilary. The question in the *Globe* was not variable: "I was not a lady who hunches.... I would never want to have something as because it is in fashion.... It's an opportunity to give back something to the community." Breathless there the female interviewee—even

Doris Anderson—who would not say these things? Only the snide context makes them seem superficial.

Weston seems to feel that Weston is disappointed since she actually knows the Royal Family and her chummy with her for projects like the restoration of Toronto's St. James & Mount Guelph. And she is the private elementary Minto School. Perhaps from now on, the only people eligible to become lieutenant-governor should be social workers who can never they wouldn't recognize Prince Charles from a tree and have had no association with any community effort except a shelter for AIDS victims. Weston cracks Hilary's clothes, skills as a chaise longue and tells us, finally, that the appointment message is that "a woman's face is especially like also has a pleasant disposition in her future."

Taking potshots at the rich in a modern democracy is the shilling-fish-in-a-barrel sport. You simply can't go wrong. The theme is point is that great pool of universal pity that allows writers to count an assequence to any nasty remark from a huge variety of readers. I have no idea why Weston would want the job of representing the Queen. The work was as an endless trudge around the province, encouraging all sorts of worthwhile volunteers and civic acts. Give me such an assignment and I'll end up running around with a machine among the second delegation of worthy Ontarians I met.

Only very wealthy people or extremely poor ones can give up five productive years to take on such a job with no money. Agonyists may be accomplished, decent, well-educated people. They may be retired, but they are unlikely to be serious high achievers, that openers have sometimes been political backs rewarded for their work, sometimes members of a majority appointed to make a successful transition.

Hilary, 55, has kept a marriage together for more than thirty years, raised two down-to-earth, clever children and worked as deputy chairman of Hall, Rendell & Co. Ltd. and in other family enterprises. This shows she has the discipline to do the work. The job of representing the Queen, by definition, requires someone of above-average social accomplishment. Weston obviously has the competence and social grace to carry this all.

Why does she want the job? Well, just because you don't need the salary doesn't mean you have no self-interest in the position. Hilary would probably like some of the prestige that goes with being lieutenant-governor. A successful lawyer takes a tremendous cut in pay and has to limit his social contacts should he become a judge, but he or she can hardly wait to be asked because of the prestige and potential for good work that a job brings.

That, I think, must be Hilary's main reason and she is beyond a good chair. As for the media, well, I can only describe their efforts as Orwellian. The writing is "doublethink and a deluge of 'quackery' in both senses.

**Taking potshots
at the rich in a
modern democracy
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in-a-barrel sport.
You simply can't
go wrong.**

Edited by J. H. J. VAN DIJK

In Japan, it is nothing short of a national obsession. To most Canadians, however, sumo wrestling is little more than a foreign curiosity that that may soon change. The Japan Sumo Association, governing body of the 2,000-year-old sport, recently selected Vancouver as the site of a prestigious *sumo baka*, or wrestling tournament. The two-day event—set to be held at the Pacific Coliseum in June, 1989—is expected to draw about 50 of the world's top midget, or *sumo* wrestlers, and generate an estimated \$1.2 million in revenues for the city.

The tournament will be only the 10th since 1986, which brings defunct weatherers' rankings, to take place on NBC Japan. And for Tokyo-based organizers

Parash Meht, a Canadian tourism industry executive, it follows six years of lobbying—with help from the Canadian Embassy and the Canadian Tourism Commission—to convince the conservative name association to accept its first name bath in Canada. Meht confesses astutely predicts the event will help attract Japanese tourists to Canada: "If you think the Society Canadians are big, think the Japanese are big. They have a television audience of 300 million and how much as money as 5,000 Japanese fans and 350 Japanese journalists and media personalities coming to Canada." Talk about a strategic blunder as the public imagination.



Looking for the grave of alcohol use at Montreal's historic Notre-Dame-des-Neiges Cemetery, with its 800,000 burial plots and 10-km network of roads, was no daunting task. But local businessman Robert Dubouché has devised a solution that he is now marketing to other cemeteries: an automated, interactive look that directs visitors to their selected grave sites. The idea came to Dubouché in 1992, when he was stuck in a lineup at the cemetery of his young for directions to go to his father's burial. "I was under the impression that I would miss it," he says. The kiosk, which looks

Football's Dallas Cowboys were defending their reputation as well as their Super Bowl title last week. A Dallas-area woman claimed to police that she was raped in garages on Dec. 26 by three men, including Cowboys all-stars Michael Irvin and Erik Williams. The players denied the allegations and continued to prepare for their playoff game against Carolina, but the accusations stung what was

once returned to an America's Team. In the past two seasons, five Cowboys have been suspended by the NFL for violating substance-abuse regulations. One of the offenders, all-star defensive tackle Leon Lett, was suspended twice. Williams, meanwhile, was convicted of drunken driving following a 1994 car accident, and in 1995, the bulking lineman was accused of sexual

similar to a bank machine, features a verbal instruction and a free pretask of directions. "We're very satisfied," says cemetery controller Pierre Morissette. "We realized that outside office hours there were a lot of people who were looking for a plot and couldn't find it." Duhamel's company, Intervia Multimedica Inc., has since sold another kiosk to a New York City cemetery, and he says he is in talks with Port's Jacques-Pierre Lachance. In all, he expects to sell a dozen kiosks this year at \$50,000 apiece. "I thought it was a great idea," says Duhamel. "But I never thought it would catch on this much."



assault by a 17-year-old topless cancer. (The charge was dropped) after the woman settled with Williams out of court. Ives, however, has been the highest-profile offender. Last April, he pleaded no contest to cocaine possession, was sentenced to four years probation, was ordered to perform 600 hours of community service, and was suspended by the

Even as mocked on magazine cover: cocaine mustache

Maple leaves, mosses and

mountains are all typical Canadiana that have graced postage stamps over the years. But first week in Vancouver, Canada Post Corp. is launching a stamp that is just a little different. It's a 13-cent slash drawing of the Bear. The third stamp, which was designed by Li, a graphic design professor at Sheridan College in Oakville, Ont., is a honor at the Year of the Ox, which kicks off at sunset on Feb. 7 as the Year of the Rat comes to a close. The Ox, which is the first symbol of the 12-year Chinese astrological cycle to be honored with a stamp, stands for strength and hard work. And that is on hand



Richard Samman will bring some unusual talents to his new post as president of the National Press Club in Washington when he takes over on Jan. 17. Samman, a 31-year-old reporter for *Congressional Quarterly*, will be the first Canadian-born head of the 88-year-old club, which has some 4,400 members and is a leading hangout for heads of

state and her newsmakers in the U.S. capital. Sarmon, a native of Toronto, is also a political impersonator who does convincing impressions of Bill Clinton, Ronald Reagan, Jesse Helms, Ted Kennedy and many others. And although he left Canada with his family in 1970, when he was only 5, becoming a U.S. citizen at the age of 14, Sarmon has many cousins and other relatives north of the border and says his quiet approach reflects his Canadian origins. "A lot of people can't place where I'm from," he says, "but they know I'm not from the United States." Then again, Sarmon can always use his impersonation skills to pass as a York from and proud.

FICTION

1. *Alibi* Walter, *Playwright Award* 1971
2. *The Emphatic Negro* Guy Vanderhaeghe 1972
3. *Roll on Your Knees, Jew-Meow* Mike Donnell 1973
4. *Arcturion* Michael Ondaatje 1974
5. *Love Poems* Graham Smith 1975
6. *The Yellow of Passion* John Le Carré 1976
7. *The Next Enemy* Timothy Findley 1977
8. *Selected Stories* Alice Munro 1978
9. *The Winds of Eternity* Margaret Drabble 1979
10. *The Deep End of the Ocean* Jacqueline Woodrow 1980

- 1 *Jeans, EXTRA! Extra!*, David Post and David Seltzer (C)
- 2 *The Jack's Club*, James Williams (C)
- 3 *My Story: A Novel*, Douglas of Book 62
- 4 *My Story: A Novel*, Douglas of Book 62
- 5 *My Story: A Novel*, Douglas of Book 62
- 6 *My Story: A Novel*, Douglas of Book 62
- 7 *My Story: A Novel*, Douglas of Book 62
- 8 *My Story: A Novel*, Douglas of Book 62
- 9 *My Story: A Novel*, Douglas of Book 62
- 10 *My Story: A Novel*, Douglas of Book 62

C. J. Peckham *in memoriam* *Continued from the prior column*

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NEW BIOGRAPHY British author Michael Holroyd makes his acclaimed 1975 biography of the Welsh artist with startling new information from the John papers after they became available in the 1980s. John, according to Holroyd, was as untidy as his artwork was brilliant. www.bloomsbury.com

A grizzly obsession



Troy James Hurtubise is a man with a mission—he is obsessed with going face-to-face with a grizzly bear. Project Grizzly, a National Film Board documentary, follows him in his quixotic quest as he develops what he

hopes is a grizzly proof
out of error—which he was inspired
to create after watching *Nedee*

Top movies in Canada, ranked according to box office receipts during the seven days that ended on Jan. 2. (In brackets, numbers

	1991 Collections (1990)	\$2,085,000
1 Jerry Maguire (1996)	\$1,052,250	
2 Witness (1985/92)	\$1,211,700	
3 Boon & Son: From Los Angeles (1979)	\$495,225	
4 Moon Struck (1984/93)	\$462,800	
5 One Fine Day (1996/98)	\$408,000	
6 The English Patient (1997)	\$344,000	
7 Senses (1987/90)	\$310,500	
8 The President's Man (1993)	\$312,800	
9 Swallow (1995/96)	\$270,000	

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Hardy Marjanez and composer **Hughud Hardy**, 69, who was best known for a catchy 1975 instrumental hit, "Lymphatic Cancer," in a Hamilton hospital. Hardy started his career in the 1950s as a violinist in Toronto's jazz clubs. He then worked in an orchestra and composed many prestigious nightclubs. After his 1975 return to Toronto, Hardy began composing estate-building best tracks, including the namesake, "Lymphatic Cancer." The background score for a 1980s commercial, which propelled him to international fame. Hardy, an unsuccessful Liberal candidate in the 1995 Ontario election, also composed numerous sound tracks for movies and television shows, including *Amos* and *Queen Elizabeth II*. He died in April.

DIED: Poet, peace activist and feminist Dorothy Livesey, 87, in Victoria. Livesey published her first poem at 13, eventually becoming one of Canada's first major women poets. Although she also had careers in teaching, social work and newspaper reporting, she was best known for her poetry, for which she won two Governor General's Awards during the 1940s.

Evets composer **Sir Andrew Lloyd Webber**, 48, and with a longevity, former *Seinf* **Paul McCarthy**, 54. The two were among a number of entertainment and sports figures on Downing Street's 1,035-some New Year Honors List, which also includes an Order of the British Empire for actor **Joan Collins**, 63 (Miss Cornelia on the 1960s hit TV series *Dynasty*), and for race car driver **Damon Hill**, 35, for winning the 1996 Formula One world championship.

DEAD Hockey broadcaster **Bill Hewitt**, 68, of a heart attack, in Port Perry, Ont. When Hewitt, son of the legendary **Footie Hewitt**, retired in 1982 after almost 30 years broadcasting the Toronto Maple Leafs' games, it was the end of a 59-year era for his and his father's trademark scoring call, "He shoots! He scores!"

DIED: Anti-Communist crusader Robert J. Moors, 82, chief counsel to the U.S. Senate subcommittee on internal security in 1957 when E. Herbert Norman, Canadian ambassador to Egypt, committed suicide after learning that the subcommittee considered him a Communist; of heart failure, in Port Pleasant, N.J.

Questioning a casino craze

BY DALE EISLER

I had all the trappings of a Las Vegas gala. Movie floodlights illuminated the night sky as more than 1,000 invited guests, many of them dressed in tuxedos or evening gowns and some arriving in limousines, turned out for the official opening of Casino Regina a year ago this month. They were on hand to witness what the Saskatchewan government had brashly proclaimed would be a jewel among the growing number of large-scale casinos in Canada. Early prognosticators called for Casino Regina to rake in annual profits of \$20 million, 50 percent of which would flow into provincial coffers. But the results have been decidedly more modest. The province now expects its final 1996 take to be a mere \$2.2 million, a disappointing showing for what many had hoped would be a cash-cow industry of cash to help subsidize government programs.

All the more telling for the Saskatchewan government is the fact that Casino Regina has proved to be a relentless political headache. Allegations of unfair labor practices and complaints about racial discrimination from some of its 400 employees—60 per cent of whom are native—have only added to the unease at an NDP government that was already uncomfortable with its involvement in the gambling business. "A lot of people in our government are not, in terms of ethics, supportive of the casino," conceded Joanne Crivello, the minister responsible for casinos. "It runs against their ethical grain." In fact, sources say the government would like to unload the casino—an option that Premier Ray Romanow and his cabinet are expected to discuss soon. "I would say it's very, very likely they will try to sell it," says one figure closely involved with the casino issue.

The Regina government is far from alone as it wrestles with the ethical and financial dilemmas of legalized gambling. From Halifax to Red Deer, Windsor to Winnipeg, recent years have seen all the slot machines and table games of a Las Vegas or Atlantic City have become a menace for either nervous provincials looking for the big score, or hundreds of people—many of them seniors—who see casino gambling as just another form of entertainment in the 1990s. And in an age of public sector belt tightening, casinos, and gambling in general, are also seen as a new cash cow by provincial governments of every political stripe.

First to take the plunge was Manitoba Premier Gary Filmon's Conservative government, which opened its upscale, Jack-et-

quand Crystal Casino atop the Fort Garry Hotel in Winnipeg in 1993. Other governments quickly followed suit and today 16 large-scale casinos—either owned or contracted out by governments—operate full time in Canada. Four provinces—British Columbia, New Brunswick, Prince Edward Island and Newfoundland—remain hold-outs. But faced with an overwhelming—and unargued—budget deficit of its own, B.C. Premier Glen Clark's NDP government is now casting a covetous eye towards the casino profits flowing to its provincial counterparts.

Casinos are the latest and most exotic symbols of a positive that brings with it some devastating social problems. In a report on gambling in Canada issued last month, the National Council of Welfare estimates as much as \$27 billion is poured annually in various forms of legalized gambling. "Needless to say, the revenues provincial and territorial governments get from the proceeds of gambling are attractive, if not downright addictive," the report states. Addictive, as well, for the

1.2 million Canadians the council estimates are compulsive gamblers and whose predilections often exact a heavy toll on their families and homes. Compulsive. Despite their social costs, says 50 per cent, Saskatchewan executive director of the Canadian Foundation on Compulsive Gambling, governments find gambling revenue too seductive to ignore. "It's all about money," says Boomtown. "It's got nothing to do with truth or lies. It's money."

But are casinos really cash vaults for financially strapped governments? The answer clearly varies, depending on the population base they serve. In the case of Saskatchewan, an agreement with Saskatchewan Indians in 1994 paved the way for the development of five gambling houses, including Casino Regina. The deal was struck after the issue of casino gambling came to an explosive head between the province and Indian bands. When the White Bear Indian Band in southeast Saskatchewan defied the law and opened a casino on reserve land in 1993, an RCMP tactical squad swooped in and confiscated equipment, including 115 slot machines. The two sides subsequently agreed to share the profits from Casino Regina, as well as from four other casinos in similar cooperation.

With a population of only one million, many believe the



Playing the slot machines at Casino Regina: entertainment or addiction?

Saskatchewan market does not justify so many gambling venues. But proponents point out that Casino Regina has attracted gamblers, exceeding the anticipated million marks during its first year in less than nine months of operation. On the downside, however, those patrons are spending less than expected, with projected average wagers of \$80 per gambler falling out to be more like \$35.

The same is true in Nova Scotia, where the first-year financial results from privately run casinos in Halifax and Sydney have been decidedly underwhelming. Casino management expected patrons to spend about \$80 on average, but in reality they ended up averaging only \$20. Total revenues of \$88 million were 50 per cent short of original projections, with casino operator TTT Shortland on the books for \$25 million a year that a most pay to the provincial government over the next four years. "We had hoped revenues would be much higher," says Nova Scotia Gaming Corp. president Ralph Fiske, whose task is to ensure the government gets its cut. Many in fact, are betting that the re-branded casino will not be around much longer.

Elsewhere the dramatically different story, especially in Ontario and Quebec, where casinos reap big rewards for governments by drawing from large populations, including many patrons from the United States. For example, Casino Windsor, on Detroit's doorstep,

has been a huge financial success, grossing \$422 million in the 1995-1996 fiscal year. Casino Montreal has already expended \$60 million and has attracted 14 million gamblers since it opened its doors in 1986 at the old Expo '87 site on the Notre Dame in the St. Lawrence River in Montreal. Three casinos in Winnipeg turned a \$60-million profit for government in 1994-1995. And in Alberta, the government licenses 16 small-scale casinos (limited to 50 slot machines each) and operated six charitable, high-revenue. But even without any fully-fledged casinos, the Alberta government is already a big winner, taking in \$288 million in 1995-1996 from all forms of gambling, including lotteries, accounting for 37 per cent of its total revenues—the highest ratio of any province.

For some, the growth of a government-sanctioned casino industry is a dubious achievement. University of Toronto economist Mel Witkin describes casinos as highly regressive "because they often take money from lower income people. [It also questions their economic benefits. "There are no positive linkages that come from this that transfer workers or leads to high level of skills," says Witkin. "It's because we're just coming to terms with an economy based on tobacco and alcohol and now government gets into gambling."

The dark side of the recent explosion in legalized gambling is

readily apparent. In Montreal, the financial success of the alloy casino has been tempered by claims that three recent suicides and one man deranged were linked to gambling losses at the casino. In one case, a 48-year-old mother threw herself in front of a train after wagering away money from a few insurance claims on her horse. In another, a man who had needed a \$300,000 debt shot himself to death. Casino proponents are quick to point out that the vast majority of gamblers do not meet such tragic ends. "Let's not forget about the 98 per cent who play responsibly," says Jean Pierre Roy, a spokesman for Loto-Quebec, which operates the province's casinos.

The small number of people who suffer from compulsive gambling remains uncertain because, unlike alcohol or drug abuse, which have clear physical symptoms, compulsive gamblers often go undetected until they face financial ruin. In an report, the National Council on Welfare says about four per cent of people who gamble are addicted. The critics of addiction raise from a high of 4 to 10 per cent in Alberta to a low of 7 per cent in Saskatchewan. However, those numbers are based on 1993 surveys and people working in the addiction field maintain that the numbers have much risen with the expansion of legalized gambling.

But while casinos are the most visible symbols of government's love affair with gambling, there are many lucrative developments that have been the centerpiece of video lottery terminals. Often described as electronic slot machines, VLTs have proliferated to the point where there are now 38,000 operating in bars and licensed establishments across Canada, taking in \$6.5 million a day. Easily accessible and at a cost of only \$25 a coin, a VLT has been labelled the "crack cocaine" of gambling by some social critics. "If you can't buy a newspaper for 25 cents, but you



The new Casino Windsor. Many people are addicted.

Governments are becoming addicted to gambling revenues

can buy an addiction for the rest of your life," says Skeremban, the compulsive gambling foundation director.

At the Premier's Mansion in Montreal, a downtown shelter for the homeless, director David Bessent estimates that 20 per cent of his clientele suffer from gambling problems and he knows people who have lost their families and attempted suicide because of bet

tings. The most dramatic feature, Bessent maintains, are the VLTs. "They suck you in," he says. Harold Winson of Edmonton, who has done extensive research into gambling patterns in Alberta and is in the midst of a new study for the Alberta Alcohol and Drug Abuse Commission, says first social problems result from the growth of legalized gaming. "I live in all the major centres—VLTs, lotteries, satellite horse racing—means that the practice has become more deeply embedded in the Canadian fabric. One of the outcomes," he says, "is more problem gambling and a lot more problem gamblers." Winson adds that the situation will only worsen as more people—who are often introduced to gambling by physical sports lotteries and who are already part of the so-called video generation—reach legal age and begin playing VLTs.

That view is echoed by Larry Desjarlais, a former Manitoba cabinet minister who chaired a recent government-appointed working group on gambling, the social and economic impact of gambling. Desjarlais maintains that VLTs should be treated as casinos. "There is no doubt those machines are there to hook people," he says. "Imagine recovering the sale of operators for the sake of high revenue and 50 centore returns, saying, 'Well

it's OK, we will provide the instance.'"

Already, some provincial governments are directing a portion of their revenues from gambling into education and training programs. But critics say that they are failing to keep pace with the emerging social problem. In Saskatchewan, where the government will take in \$120 million from VLTs in the 1996-1997 fiscal year, only \$1.5 million is set aside to deal with gambling addicts. Manitoba car marks almost \$1 billion for the Manitoba Addictions Foundation and Alberta pays \$1.2 million into addiction programs.

In response to the Desjarlais report, the Manitoba government has reduced the number of VLTs in the province by 650, or 10 per cent. Facing similar concerns, the Saskatchewan government has capped the number of VLTs in the province at 3,600, and Alberta has a self-imposed limit of 5,000 machines. But while some governments are trying to

curb, others are planning to expand. In an anti-gambling referendum, then-premier Mike Harcourt backed off plans to open a gritty \$1 billion casino on Vancouver's waterfront. Later, Harcourt also pulled the plug on a proposal to bring some 5,000 video lottery terminals to British Columbia.

Still, critics maintain the government has been expanding gambling quietly. Off track betting was approved in 1994 and Club Keno, a rapid-action lottery game, was introduced in some bars last fall. That action has put Vancouver city council, which vehemently opposes any expansion of gaming, against the B.C. Lottery Corp., and the matter is currently before the courts. "The government is just looking at dollars," says Vancouver lawyer Corinne Fogal, who heads a group called Citizens Against Gambling Expansion. "What they are not doing are the social costs."

Fogal, whose group is planning to stage an anti-gambling rally in Vancouver in Jan. 17, cites a University of Illinois finding that for every dollar of revenue generated through gaming, governments spend anywhere from \$2 to \$5 on additional costs for such things as social services and law enforcement. "A B.C. casino is spent, Fogal warns, "essentially, there is going to be a lot of personal human tragedy." Others, such as Ronald St. Godard, spokesman for a lobby group representing charity control, warns that its members may be "let out of the loop." In the search for new revenue, however, a government can come to a gamble the NDP may finally be prepared to take

with SUSANNE HOLZER in Regina; ANNEVA BRUNSFELD in Montreal and DANIELA KRAVCHENKO in Toronto

ONTARIO WINDFALL

Simply this, a visitor to Majors Falls, Ont., from Ottawa, P.Y., gets "all right!" and gleefully punches her palm. The slot machine she has been feeding—one of hundreds of blinking, clanking one-armed bandits in the Casino Niagara—has just paid out \$240 on her one-dollar bet. "I lost 10 dollars," she exclaims. "That's three times on that machine." After deducting her losses of about \$140, Ray, the owner of a family-style restaurant, will go home almost \$600 richer. Slipping on a complimentary cola from the casino, which opened last month, the 49-year-old says she never lost herself to lose more than \$200 at a time. "I don't know if she is hooked on the excitement of gambling," Tim happy just to keep playing," she says.

The Ontario government, which also opened the Casino Windsor in 1994 and allowed the province's first Nations to start their own casinos on the Rama reserve near Orillia last summer, hopes the well-lit 19th the Niagara and Windsor Casinos have been a windfall. In addition, provincial budgets at millions of dollars into the province's debt-plagued treasury. But the future may not be so rosy. Niagara draws in up to three thirds of its customers from the United States, mainly from neighboring New York state, while 80 per cent of Windsor patrons are also American, most from Michigan. With an eye on keeping the profits at home, promoters in New York are hoping for casino slots, and Michigan has three planned for Detroit alone. But Bill Gilles, spokesman for the Ontario Casino Corp., says the province can hold its own by stressing its advantages: a lower dollar, safer servers and, most compelling, no taxes on gambling wins.

It would certainly be in the province's financial best interest to keep its clientele. Of the top, Ontario takes 25 per cent of all gaming revenue. In the casinos in the province, including a new one in Windsor, opened last year to alleviate congestion at the main casino. After expenses, all remaining profits at Niagara and Windsor also go to the province. Profits from the Rama casino are to be shared among Ontario's First Nations. In a little more than nine months since the province's first Ontario collected \$315.9 million—more than double initial forecasts. By the end of the 1997-1998 fiscal year, the province's annual gaming revenues from the three casinos are expected to top \$650 million.

Some critics, however, are increasingly vocal about the casino's impact on the local economy. In Niagara, a spokesman for Gamblers Anonymous in Windsor, says the group's membership has doubled since gambling came to the city. Many new recruits, he adds, had lost their jobs at the casino. Whether gambling is a social evil or a boon to placeless areas seems of little interest to the devastated gamblers who pack Ontario's gaming establishments. But with the odds stacked in favor of the house, and neighboring states preparing to open their own social casinos, both the gamblers and the province will likely need a little help from the lucky.

GUYTON BARNES in Ontario Falls

A SECOND LOOK IN B.C.

It took a lot of Premier John Clark's opponents, there would be no Las Vegas-style gambling in British Columbia. But with Clark's NDP government suddenly on the hook for a projected deficit of \$1 billion in its \$32 billion budget for 1996-1997—something else that, before the election, Clark and his aides had said there are now signs that British Columbia may be ready to jump on the casino bandwagon. Last month, deputy premier Dave Miller revealed that the NDP was "rethinking" its position. "The government was re-evaluating gaming as an opportunity to build the economy and provide revenue to protect health and education," declared Miller.

Miller has not yet shown his hand. Instead, he has stressed that Victoria is simply studying the pros and cons of casino expansion. "I don't say it's a broken promise," he maintained. "A government should always

look at their own attitudes—and that's what we're doing."

But critics are convinced that the NDP is keeping plans for a major casino—most likely in the Vancouver area—up its sleeve. "Mr. Miller is going to try to push things down British Columbian throats,"

said Liberal leader Gordon Campbell. "This is a short-term cash grab by a sincerely desperate government." It is by no means the first time the thorny issue of gambling expansion has ensnared the government. Currently the province allows only a small number of so-called charity casinos, which are obliged to give half



Clark rethinking position

their take to licensed operators and 10 per cent to the government. Two years ago, after researching the option, then-premier Mike Harcourt backed off plans to open a gritty \$1 billion casino on Vancouver's waterfront. Later, Harcourt also pulled the plug on a proposal to bring some 5,000 video lottery terminals to British Columbia.

Still, critics maintain the government has been expanding gambling quietly. Off track betting was approved in 1994 and Club Keno, a rapid-action lottery game, was introduced in some bars last fall. That

action has put Vancouver city council, which vehemently opposes any expansion of gaming, against the B.C. Lottery Corp., and the matter is currently before the courts. "The government is just looking at dollars," says Vancouver lawyer Corinne Fogal, who heads a group called Citizens Against Gambling Expansion. "What they

Playing hardball

BY E. KAYE FULTON

It is a cold and assembly-wrecking evening, somewhere on the road between Ottawa and yet another speech to save Canada, when Stephen Harper shifts a political discussion to the merits of baseball: "The thing I like about baseball," says the defiant cabinet minister in charge of national unity, perched at the darkness beyond the car window, "is that you have time to think about strategy. It is so incredibly ridiculous, yet you cannot do anything alone." Behind him, locked in the trunk of the car, is the leather knuck-duster that holds the crumpled-up copy of this speech. It is pinned to marshmallows—our points, as he calls them professionally—for keeping Quebec, and every other province, within the Canadian foldman. Up ahead, a roomful of people who are curious about how he can lead his cabinet government plus to do it. Just to echo the weight of responsibility he feels those people place upon him and other politicians, Don exclaims another fascination as he drives on: "The responsibility in baseball is terrible, everyone knows

than many Liberals, including Chrétien, sometimes care to go, Dion argues the changing the structure of Canada—and the very way the country sees itself—is essential to its survival. “We are not governing an ordinary country,” says Dion. “We are governing a great federation that is in danger of collapse.”

distinct society is good, not only for Quebec but also for them. Excuse me? He's very nice."

All the same, Dion refuses to temper his sense of urgency. It's just little in the last 42 months has budged the opinions of the 41-year-old professor, who mailed into cabinet last Jan. 23 with the impact of not... complete with campus uniforms of dark coat and knapsack—not at...
Mr. Smith goes to Ottawa. True, the e-sword position has added political offices to his already... statute... his repertoire of federalist bromades that once prompted Bill Quebecois MP-fallen... (disrupts to magnify label him "the apostle of initiative law" True as well, that recently Dion has begun to grumble in private that previous law "big assistance... are" are tossed his way... another... that he... changed his message—the same one he delivered... Christian in November, 1995, when, two hours into lunch at 24 Sussex, his argument that Quebec needed substance, not symbols, earned him an invitation to join the cabinet. "It is a... more... time over, to explain... Canada is a great...," says Dion, "and why Quebecers, who have con-

By any measure, Dion is no ordinary politician. Unlike most who move to Ottawa, he did not seek the job—he was, in his words, too particularly smart to keep it. He is also a man who has been asked whether the boyish-looking cabinet minister with the inextinguishable reserve and an unblinking face behind worn glasses was a lightweight with limited oratory or a power player who openly chooses not to disappoint. Predictably, Dion and his detractors invite comparisons to a more politically astute Pierre Trudeau, who joined the cabinet in the same time and whose later career inspired little but healthy admiration among his critics. At the Liberal policy convention in Ottawa last October, Dion engaged in earnest debates with small clusters of Liberals

[illegible]

For Canada's unity minister, the rules keep shifting

Krylova (Delf), *Imagines and Other Travelling Narratives and My-Articles*

The opponents
 "We are not
 governing an
 ordinary country.
 We are governing
 a great institution
 that is a bigger
 challenge."

while the polished Potiguro, a longtime backroom organizer, worked the party grassroots like a pro in search of votes. "Comparing Dan to Perlewood," says B.C. Liberal Ted McWhinney, "is like comparing a Transat snack to Aeroflot."

For freebie, a fling in party politics. Don't be too hasty to spend it all—some detached walk-up in downtown Montreal with his wife, Jeanne-Kristen, a Concordia University political science professor and their eight-year-old adopted Chinese daughter, Junnie. For that matter, he would rather have to forego than to garden, hand-trim, dig, split, then gladden. Should Christen ever miss another cabinet post, he says he would refuse to do it but concedes that he would keep his party membership. "I agree I'm one of them now I guess. I'm not sure," he says. "In ordinary circumstances, I would not be here."

Opposition MPs have long since given up trying to hant him. Despite his eloquence at political jousting, Dion's replies are so implacably consistent that he has effectively made his own mind up. *His* steadfastly avoids him. "At the end of the day," grouches the *His*'s *Disrupter*, "I half expect a literary test to land on my desk." Even his political stunts in fact go to whether their boss is politically naïve or simply uninspiring. There is certainly evidence that he is stubborn. *James* convinced Dion to replace his trademark knapsack with a more befitting, and so-called, government of Canada briefcase. *Strawman* suggests the lack, in essence, of *Thus* finally handed that to his co-creative assistant, Prospero Dactos, who found inside it his trusted knapsack, and nothing else.

Diou said he laughs at his labored comparisons from intolerance to politeness. Less than a week after he was sworn into cabinet, Diou's contention that Quebec was just as diverse as Canada was held up as the media's apparently contradicting. Chretien, who had stubbornly refused to speculate on the issue. The next day, Finance Minister Paul Martin invited Diou to his home in Montreal. "I was miserable. I thought he'd told me, 'You're got shaped for politics, why did you do that?'" recalled Diou. Instead, Martin laughed. "He said, 'Don't worry, it's politics—that no one would comprehend in two days.'"

Uncertain of the proper political conduct in Ottawa, Dixon sought from boy scout organizations during Queen's Birthday at the House of Commons to obtain disapproval, even beratement. The real power, he has learned, lies in his role as Children's trusted voice of warning. Seized by his own misjudgment of the October, 1995, Quebec referendum—he, like Chretien, had predicted a comfortable federalist win—Dixon helped convince the Prime Minister to give the provinces more power over labor and manpower training. Says Dixon:

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MAGAZINE

CANADA

University public policy specialist, Tom Courchesne. "For 15 years, the focus has been on the Constitution. Now, intergovernmental issues, federalism, rather than the Constitution." At one point, insiders say, Dion went so far as to suggest that Ottawa withdraw completely from the management of social programs, advice that a horrified Clinton rejected.

A fearless knee, Dion's lefty slumped at political fallout keeps around aides scrambling. In Sudbury, Franco-Ontarian bruited at Dion's lackluster complaint that francophones outside Quebec were "far from being 'worn copies,'" as one Quebec writer had suggested. Nor does everyone agree with Dion's remedy for achieving national unity—no appreciation for any he makes his case. He brusquely told a Calgary businessman who raised Western Canada's demands for a reformed Senate. "We Quebecers don't want to hear a word about the Senate" in Ottawa, Dion was pressed by a member of a minority rights coalition to explain the legal implications of dissolving Quebec's distinct society. Dion merely suggested that his Quebecer "read my speeches." During a 20-minute radio interview last fall, Dion informed his broadcast host that he was wrong—not once, but five times. "Perception is a word you hear a lot in politics," Dion told Martin. "My word is conviction." Except that Stephen Dion will all ways show conviction and let others push for perception.

Dion is as blunt with his own party. Liberals of the British Columbia caucus sat stone-faced last fall as their colleague pronounced that Quebec's distinct society clause took precedence over any other constitutional matter. So, too, did the 36-member Ontario caucus last spring, when Dion in effect ordered them to support legislation that permitted the Newfoundland government to dismantle its religious school system. "He didn't just lecture us, he threatened," complained Liberal MP "Many of us were not only unprepared, we were put off."

Despite the criticism, Dion insists that his vision in Ottawa lies in his hands—not his delivery of them. His former Montreal university students say that Dion—with a faceplate in political sociology from the liberal of modest politics in Paris, a knowledge of Brookings in Washington and a string of academic research papers—refused to allow political opinion to encroach on his public administration course, even at the height of the referendum campaign. "He never gave his political opinions in class," recalled graduate Jose Francisco Giguere. "He told us we had to study situations objectively." But Clinton's wary silence, that scholarly detachment no longer fits the genre. □



Homeless buses, jockeying out in Vancouver slush

CANADA

Slip sliding away

B.C. staggers under a record snowfall

Four-foot snowdrifts in city streets and hundreds of abandoned, half-buried automobiles. Airports and municipal transit systems paralyzed. Winds of 100 km/h and thousands of homes without electrical power. Emergency shelters opened and traps using volunteers to get sick people to hospitals and clinics. For British Columbia, particularly the coast, Lower Mainland and Vancouver Island, the Arctic-like, god-driven blizzard that struck three days before New Year's Day has already been labeled *The Storm of the Century*—and for good reason. Snowfall records tumbled in scores of locations. At the Vancouver and Richmond airports, 95 inches of snow fell between midnight and mid-morning on the 28th and that night, a four-foot wooden boardwalk collapsed under the weight. "It's a horrible noise. Like a ship going over a reef," said dock master John Reid. At Richmond, 40 dock slips had sunk by dawn, taking 32 boats with them. Whole shelves and stacks of stock at a warehouse largely unused in such a cold and icy eastern Canada, the West Coast absorbed a slight battering beyond anything

in living memory. The storm peaked on the evening of Dec. 28 and did not subside until well into the next day. In Victoria on Vancouver Island, ordinarily the mildest westernmost community in the country, more than two feet of snow fell in 24 hours, closing gates to and closing the airport. The city's few snowplows cut through drifts that reached nearly 50 feet. Police closed the Island Highway that runs from Victoria north to Duncan. B.C. Ferries cancelled service to and from the mainland. In Vancouver, the one-day snowfall of almost 14 inches equaled a record that had stood for 26 years. Buses and hundreds of cars were stuck in drifts on busy streets. B.C. Transit shut down its SkyTrain rapid transit service to the suburbs and had more and more stores run out of shelves. Hundreds of the homeless, accustomed to spending rainy winters in parks or under the False Creek bridges, crowded into shelters to escape a below-zero wind chill in double digits. At Vancouver airport, only about 33 per cent of scheduled flights were able to take

off, marooned travellers slept on the floor. Conditions were even worse east of the city in the Fraser Valley. Some 8,000 houses were without power. In this reached nearly 30 feet in places and the wind chill plummeted to -40° C. (Dion said that residents could conduct themselves with the fact that, further north, Yukoners last week faced record-breaking temperatures as low as -52° C.) For the first time in nearly 40 years, the provincial government appealed to the army to rescue stranded motorists and get sick people to medical centres. Illustrations showed food and shelter to stranded travellers. The community of Boston Bar was isolated by avalanches. Near Abbotsford, farm owners Carl and Christine Coen took in about 50 people, some of whom had a little overwhetting in "confined climate. It was a significant widely shared across the province.

MAC CORRELL and GREGG HOGG and SCOTT STEELE in Vancouver

More dirty laundry

Under, northern, housing, incompetence, unearned police: it seemed that the Canadian military could hardly seek any lower. But last week, Canadians knuckled up for another controversy that smacked of abuse: conduct by Canadian soldiers. Photographs splashed on front pages and television screens featured a woman soldier identified as officer-candidate Sandra Perron tied to a tree and looking miserable during a patrol training exercise in the army's base in Cagayan, N.B., in April, 1992. Anonymous reports said she had been badly roughed up—including stomach punches—and left trussed up for two hours, her bare feet in the snow. Perron, who became a captain and Canada's first female infantry officer later that year, joined the army at age 18 and suffered a dozen years of service like the Force a year ago. She now is a management consultant. Perron moved to reporters last week but told colleagues privately that the Gagetown episode had been blown out of proportion. Others beg to differ. "It's clear that brutal treatment was used against this woman," said Shirley Robinson, who, since leaving the army as a lieutenant colonel in 1984 at age 52, speaks out for the refusal of women in all combat roles.

The controversy burst at a bad time for the armed forces, and the minister appointed three months ago to clean them up, Doug Young. Only three days earlier, Canada's shocking military effort in Somalia—commanded Roy, 54, was denounced from the front for abuse of rape accusers. His departure followed the resignation of Gen. Jean Boivin to chief of defence staff on Oct. 8—four days after Young replaced David Johnston as defence minister. The military and Cabinet were the subject of a scolding by the fall from Canada's scandal-riddled peacekeeping mission in Somalia in 1992-1993. The pugnacious Young, newly angry at a news conference on the last day of 1992, announced an unprecedented three-day mandatory promotion until March 31, when he expects to complete a writing report on the major armed forces. "Let's clean it up," he declared. "Let's clean it up."

Roy's dismissal may help the military answer its critics in at least one regard. It is now clear that blame for wrongdoing sometimes reaches to the very top of the hierarchy, not just to lower-ranked soldiers, as many have charged in the past. Roy, whose reputation was unspiced before his departure, was released from his duties for what acting chief of staff Vice-Admiral Larry MacLean called "disobedient conduct." Ac-



New scandals hit the Canadian military

Perron in 1992 (above), and in 1992

cording to both military and RCMP investigations, they improperly collected housing allowances of more than \$70,000 between December 2 and 20, 1992. Last week, critics of the military noted that Roy was far from the only officer to maintain such expense claims. Many troops were the subject of controversy in 1992 when it was revealed that he was drawing hefty rental subsidies in Hobbs.

The harder the military tries to escape the morass of scandal, the deeper it seems to sink. Top officers are routinely avoiding the outcome of the seemingly endless audit of the long—surgery into the activities of Canadian soldiers in Somalia, including the 1992 torture and death of a Somali teenager. Young is adamant that a report emerge by late spring, but inquiry officials

are widely expected to ask for an extension. And army chief Lt.-Gen. Maurice Baril is awaiting results of an investigation by ordered last summer into allegations that Canadian peacekeepers abused Somali patients in Bosnia and used their position there to gain access to sex, alcohol and profits from trading on the black market.

Even last week's revelations about Perron only emerged because of another investigation initiated by Baril, who was interested in why the country's first female infantry officer served under Baril who sold in military circles to help her in Iraq report. Capt. Michel Rainville—who has been implicated in the abuse of prisoners in Somalia—ran the 1992 Gagetown exercise designed to prepare officer candidates for situations they might face while prisoners of war. While other witnesses who declined to be named, said the first-foot, asleep, 120-lb. Perron was routinely told that the more infectious toilet than the more, Perron lasted last week that Perron was treated no differently than any others. Leading some credence to that assertion, retired major general Lewis MacKenzie said that the treatment noted out to Perron was appropriate for the type of inmate. "That was pretty lame compared to what I had had to do to me," said MacKenzie. A report on Perron's treatment, prepared for delivery this week to Steel, is said by Defence Minister Irving to include evidence gathered by military police about the Gagetown incident.

Perron, who now lives in Ottawa, regular by soldiers to army cadets about her peacekeeping experiences in Bosnia, where she commanded an anti-aircraft unit. Indications are that she handled troops poorly. "There were guys with eight and 10 years of experience," a former colleague recalls. "And they all had a lot of me to fear." That assessment of Perron's recent limits support to offend armed forces policy for full integration by 1993. But Perron's harsh treatment also supports a strongly held view of retired lieutenant-colonel Stanley Robinson. "It seems that the general attitude in the army is that physical has been unreasonable numbers of physical strength demanded of women."

LAURE FISHBEIN in Ottawa

Canada NOTES

FETAL SHOOTING RULING

Ontario Court Judge Roger Haines closed Brenda Driscoll, 26, of a stipulated murder after she was accused of shooting her unborn baby in the head with a pellet gun. The Ottawa-area mother of three other children later gave birth to the child survived. Judge Haines said she could not proceed because a fetus is not a person until after it is born. Barring rights to the fetus, she said, "is better left to Parliament."

PRISON UNREST

A New Year's Eve fracas at the 160-prisoner Hiramston Centre earned criticism for an outbreak of Manitoba's corrections department, which is still reeling from the Haidley legel riot last April. The prisoners caused \$20,000 in damage, but the disturbance was minor compared with the bloody rampage at Headingley, where inmates were tortured. And in the nearby story of the 1991 riot, 500 men north of Calgary, prisoners fired shrapnel into a courtyard and a riot by 200 inmates. Four prisoners were seriously hurt in the riot, and new officers slightly wounded by sniper shots.

WINNING BIG

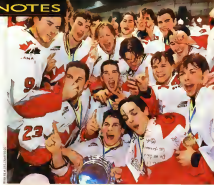
Mastercard's American Express, which had to spring to pay for her AIDS medication, won \$10 million in the 1993 lottery. The 50-year-old plans to buy a car, seek medical help in the United States and share her winnings with family and an AIDS foundation.

GALGANOV QUITS

Constitutional English-rights activist Howard Galganov, 46, who led an activist publicity tour to Bill Stove last September, has ended his personal assault against Quebec's language policies. Galganov is "in a bind," the Montreal advertising executive said. He has spent \$195,000 of his own money and did not receive enough financial support to continue the battle.

HOLIDAY TRAGEDY

A head-on accident near Toronto killed a mother and her adult daughter, both wearing seat belts, as they drove in a car struck by two 40-ton trucks. The trucks, which left from a truck, headed across Highway 401 and slipped through the victim's car. The tragedy inspired national calls for further action against unsafe trucks.



HISTORIC VICTORY: Jubilant members of Team Canada proudly display the world junior hockey championship trophy on Saturday in Geneva after winning the title for a record fifth straight time. Team Canada defeated the United States 3-0 in the championship game. It was the seventh time in the past eight years that Canada has won the tournament.

A belated apology

A few months of denial and blaming a drought in the economy, U.S. Premier Glen Clark conceded that his order to not telling voters sooner that the province's unemployment was in a "shape" "like pieces of rotting meat" was "a mistake" and "a terrible loss of trust." Clark said, "All of that, I think, left an air of doubt about this public. As soon as the numbers changed, we should have tried to assure that with the public." And change they did. Clark's campaign pledge of a "brighter future" is widely seen as living up to him the spring election. But last month, when Clark failed in the government and it expected a deficit of \$365 million instead of the \$116-million surplus originally forecast. Government documents showed that Clark ordered "drives from the Treasury Board, which had warned that the province was based on inflated estimates of the economy."

Explaining Quebec's flood

It would seem that at least some of the horrific damage could have been averted. Roger Nicolet, appointed by Quebec Premier Lucien Bouchard to investigate last July's catastrophic flooding in the Saguenay, which killed seven people, caused more than \$700 million in damage and forced 10,000 residents from their homes, says the province could have better managed the region's network of dams. While refusing to lay specific blame, Nicolet noted that damage to several of the Saguenay and Lac Beauport was avoidable. "In the specific case of Saguenay-Lake," said Nicolet, "it's obvious that, had we opened [the floodgates] earlier, anticipated, managed in a deliberate manner, the scope of the disaster could have been contained."

Nicolet's comments offered a preview of what is likely to be his critical report, expected later this month. He also criticized the region's patchwork of dams as having been built without regard to their impact on other rivers downstream. The flooding involved four dams controlled by government or industrial dams. And he lent credence to what residents have said all along: that reservoir levels were too high and water released too slowly. Two heavy rains hit. Nicolet's assessments contradict Bouchard and his Environment Minister David Cloutier, who has said that the flooding was due solely to unusually wet weather.



An illusive peace

Hebron keeps Israel on a tightrope

President Yasser Arafat believes that he can quell the Israeli-Palestinian peace process with a single burst of passion. The 29-year-old elfish soldier was spotted in New York's Day, bustling in the crowded Arab bazaar in the biblical city of Hebron. In his arid mission, Arafat's attached life police will be stationed at the edge of a fruit and vegetable market and sprayed shoppers with an M16 assault rifle. By the time patrolling begins lastest Abu Basma's roadhouse, Arafat had searched seven Palestinian towns at once critically. "I am perfectly normal," Arafat once said as he walked through the police zone, "but I am not a normal man." He is a highly unstable life and he had come to Hebron—the city that for months had been the object of tarantula talks between Israel's Likud government and Yasser

Negotiators on both sides immediately stressed that the attack would stop short from reaching an agreement—called for by the 1982 Oslo peace accords—in withdrawing Israeli forces from most of the city. Yet the method was a challenge to residents that Bishara, with its 126,000 Arab and 60 Orthodox Jewish residents, is a powerfully easily gentrified. Nor do the expensive temporary stay in the city center, where the attack's group in Herzliya being offered numbers on new self-selectors and set up a water compound outside the Palestinian-controlled town of Ramallah. Meanwhile, the U.S. state department issued a travel warning for Americans

away from the West Bank and Jerusalem citing potential terrorism. Although Washington said its warning was general, the Muslim extremist group Islamic Jihad vowed it would step up terror attacks. And with no sign of a ceasefire, another time bomb was ticking for Israeli Prime Minister Benjamin Netanyahu—this one inside his own cabinet.

Seven out of 18 right-wing and religious government ministers had signalled that they would vote against the Hebron redeployment pact, which several times last week was said to be within hours of signing. Agriculture Minister Rafael Eitan voiced their fears. "Hebron is the gateway through which the Arabs will march to destroy the whole Zionist enterprise," said Science Minister Benny Begin, son of the late Likud prime minister Menachem Begin. "Hebron is the last dare. When it burns, the defence will come."

By Thursday frustrated U.S. envoy Dennis Ross made it clear that the holdup was due to a Palestinian desire to road down a timetable for Israeli withdrawals from West Bank rural areas that had been agreed upon by the previous Labor government. That is when Justice Minister Tzvi Hershkovitz played his card: he warned Netanyahu that he would vote against any Israeli pledge to withdraw beyond Hebron. The tightrope the prime minister had been walking—between aloneness and

burned the carriage on Palestinian leader Arafat, who has agreed to leave some of Hebron under Jewish rule. "The dog Arafat has sold out the city of Hebron," he barked. "The people of Hebron are Muslims. We don't want settlers, we don't even want peaceful Jews. We don't want any Jews, period." Another young man took up the theme: "This is a war between Muslims and infidels," he shouted. "What we have to do is wipe out the Jews, then we'll have peace."

Discussed by developers, Washington's public-private agencies to get their deal signed. Duly approved, the public department spokeswoman Nicholas Dillman, "backing up" the potential for a secret, terrorist activity, in the Middle East. The concern for the program was understandable. On the Israeli-Soviet front, Washington is no longer even trying to bring those two entities back to the negotiating table. Since President Bill Clinton's inauguration, the Israeli-Soviet strategic, Golan Heights, which Israel captured in the 1967 Six Day War last week, the war of weeks picked up as an Israeli-backed "peace" initiative for a war boom that killed more people in Damascus, a charge as Israeli spokeswoman called "war the ridiculous."



Justice Minister Hanehvi has come to personally the consequences of playing both sides of the peace/terrorism card. He is the son of prominent Israeli Jewish-Galilee Galilee, who worked for the Stern Group during its terrorist campaign for Jewish independence from British rule in the 1940s. Later, as an outspoken MPP, he was evicted from the Knesset in 1974 for his role in the Knesset's parliament, for shouting down his own right-wing prime minister, Menachem Begin, when he made peace with

That afternoon his 1988 election to the Knesset, Haegbi hitched a ride wagon to Netanyahu. To his mother's dismay, Haegbi even backed Netanyahu's decision last summer to honour the Oslo peace agreement with the Palestinians. Now, the justice minister is threatening to cross back over to the rebel ranks. He was prepared to support a re-deployment of Israeli troops from 80 per cent of Hebron, but still so much on-swing, all-gang diplomatic wrangling, the Netanyahu loyalist drew the line.

According to the 1993 Oslo deal, the Hebrew withdrew



Friedman
Says the M-16
strong attack,
Palestinians and
Jewish settler in
Mehran saying
(below), a true
house in cabinet

radical supporters and keeping the peace program alive—appeared closer than ever to winning.

Following Pflaum's attack, Netanyahu promised for a quick deal on Hebron, which he said would prevent mass acts of violence. But those who will live under it—Jews and Arab alike—were far from reassured. Jewish settler David Wajsb said the shooting proved that the Israeli army must stay. "There was shelling close to the street," he said. "When Araba's people take over most of the city, thousands of Palestinians could descend on settlers and overtake them." The only solution is to have the Israeli army remain the sole military authority in all of Hebron.

On the other side of the barricade, an Arab youth

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WORLD

It went on to place last March, and thrust towards were to begin a year-long collection of rural villages in the West Bank last September. But the former Labour government of Shimon Peres put the (Jewish) pulled an hold after last winter's suicide bombings in Israeli cities by Muslim extremists. Then, Netanyahu decided Peres in the May election, and the process slowed to a crawl. In the latest round of Eilat talks, one of the last sticking points was Arafat's demand that Netanyahu give up the phrase "Jewish state" where Peres left off and quit the West Bank villages on schedule, by next September.

'Damned if he
does and damned
if he doesn't'



Botanyahar playing both sides of the court is causing him unwanted reward

Gadi Wolski of *Bat*, experts warn, the more things are up in the air, the more time it allows extremists on both sides to mount attacks like last week's Hebron shooting. "Had there been a mass scare," reflected veteran Palestinian journalist Khalid Ararjeh, "even Yasser Arafat wouldn't have been able to prevent Hamas taking revenge."

Despite the gathering right-wing opposition, Netanyahu still looked likely to succeed in pushing a Hebron deal through his cabinet. "He is indispensable," said Ariel Neria, a former Likud supporter who defected to Peres's peace camp. "They cannot elect a new prime minister in his place," explained Neria, since Netanyahu is the first leader to be directly elected by the public under a new law. But will his present trust take the line on further West Bank concessions?

ness? Before Christmas, the prime minister's media co-ordinator flew a tidal balloon. In an interview with the Jerusalem Post, David Ben-Gurion accepted the idea of a Palestinian state, so long as its security forces were restricted to light weapons and it was barred from alliances with hostile states like Iraq and Iran. "I want a state," Ben-Gurion said. "But I would not like to make it here and there." In another telling remark, Ben-Gurion concluded: "I don't think Netanyahu feels that there is any chance of the whole Land of Israel [which includes the occupied territories] remaining completely under the exclusive rule of Israel."

It looked as if a sea change was taking place on the nationalist right. But two weeks is a long time in Israeli politics. "It doesn't look now as if Netanyahu could go farther West Bank withdrawals through

the coalition," says political strategist Wolfowitz. "He will try to give us little head as possible. But in the end he will probably have to go

with notes of the militant support

Where does this
leave the peace? The process must continue," insisted senior Palestinian negotiator Saeb Erekat. "But the Israeli government must choose either to be partners with us or to be partners with the extremists and the settlers. It won't be an easy choice. 'Netanyahu's loss of authority,' says Erekat of the Democracy Institute, "means we are bound to see a peace process which moves in wider swings than before. Netanyahu doesn't have the power to stop the peace process, but he doesn't have the power to permit a vigorously edited." As he is in political weakness, Saeb Erekat has invited

ERIC SIEGEL is associate

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Robert Corrales (center) talks in the media; seeking freedom for 400 inmates in prison prisons

WORLD PERU

Hostage to terror

The crisis enters a new, more perilous phase

On the outskirts of Lima, inside a sprawling Peruvian hotel base, Victor Polay sits and slowly edges into bed. For the past three years, the 44-year-old founder of the Tupac Amaru Revolutionary Movement has been led away in solitary confinement on the base. His cell is dark, dank and small, no more than two square meters. His coffee is nothing but a hole in the floor. He rarely escapes comfort for half an hour each day, when he is allowed to pace a tiny patio. "My son is so this now," said his worried mother, Ofelia, last week. "He has lost 30 kilos. He can barely see his eyes. And his mind, it is not good. He suffers from confusion and fear. His cell is like his tomb."

Getting Polay out of that tomb, or at least transforming the conditions inside it, may well hold a key to a peaceful resolution of the drama that has been unfolding in Lima for the past three weeks. For as the number of hostages seized last Dec. 17 at the Japanese ambassador's residence in the Peruvian capital dwindled, it now grows ever more apparent that a deal—indeed, one was possible—would hinge on the fate of

Polay and the 400 other Tupac Amaru rebels imprisoned inside Peru's notoriously harsh prison system. In public, neither the government of Peruvian President Alberto Fujimori nor the armed guerrillas made the ambassador's residence retreated from their earlier uncompromising positions. The guerrillas, estimated to number no more than 15, continued to insist on the release from jail of their leader, Polay, and his 400 followers. The government, in response, continued to categorically reject even a hint of that possibility. But despite the hairline stance at both sides, the signals were not all discouraging. I think there is reason for cautious optimism," Anthony Vincent, Canada's ambassador to Peru, told *Maclean's* during a brief visit to Ottawa last week to brief the government. "The simple fact that after three weeks of captivity, we have 400 hostages let go so far, there has been no serious incident is, in



Canada's Vincent: "well armed and in control"

itself, an achievement."

At the same time, however, Vincent, one of the original hostages himself, warned that the drama in Lima had entered a new, more perilous phase. "The MRTA [the Spanish abbreviation for the group] I observed inside the residence are very well organized, very well disciplined, very well armed," he remarked. "They have now reduced their hostages to a number they can manage more easily. This will put them even in control of the situation and that, in turn, is not likely to lead to a speedy resolution of the crisis. As far as I can see, everything points to a process that could go on for some time."

How to quell the crisis, the MRTA were holding 74 hostages, including the ambassadors of Japan and Bolivia, five Peruvian Supreme Court judges, five congressmen, eight police and army generals, and President Fujimori's younger brother, Pedro. What is more, the earlier flood of mass releases had been reduced to a trickle. Two hostages were freed on Tuesday, another seven on Wednesday. By last Friday, only one other hostage was said to make an exit—Elmer, the Japanese ambassador's pet German Shepherd.

And while the guerrilla pocket seemed to harden as the crisis dragged on, so too did the government's. Apparently infuriated by an unprinted news conference held inside the residence by the rebel band's leader, Nestor Cerna Carabin, Fujimori retaliated. He ordered the electronic cut to the ambassador's residence, a had only been restored earlier in the week. And he chose, in only his second public address since the crisis erupted, to lash out at the insurgents, branding them "terrorists" and heaping scorn on their claim to be struggling on behalf of Peru's poor. "It is an error to think that the violence that arises from discontent and poverty," he declared. "Twelve years of violence

from Sendero Luminoso [the larger and more violent Shining Path rebel group] and the MRTA—devastating, destructive violence—has, on the contrary, made us poorer."

In an even more sanguine move, Fujimori

announced renewed reinforcements for six police generals currently held hostage, including the chiefs of the state security and counter-terrorism services, and the Supreme Court president, also a hostage. The initiative had diplomats and other observers in Lima scratching their heads. Canada's Ambassador Vincent, watching the scene from Ottawa, cautioned against reading too much into the development. "Police generals are routinely rotated at the end of the year," he pointed out, "and there are probably constitutional provisions about the president of the Supreme Court." Other diplomatic sources in the Peruvian capital, however, saw the move as a "brutal" message to the Tupac Amaru guerrillas, a warning that, in the event of a showdown, their Peruvian hostages might well be expendable.

How to quell that unhappy outcome remained problematic. To test observers, the key lay in somehow bridging the rebels' demand for the freeing of imprisoned congressmen and the government's blunt refusal to contemplate it. The most obvious compromise would be a move by the

government to improve the undeniably harsh conditions that face Peruvian inmates convicted of, or even charged with, crimes of treason and terrorism. According to international human rights agencies, there may be as many as 5,000 such prisoners inside



Peru's foreign minister (left) and his Japanese host, tough measures

Peru. And even the government does not deny that they are treated far more rigorously than common criminals.

Fujimori himself had down the rules as part of his sweeping crackdown on rebel groups in the country in 1992. The system,

widely termed "senseless justice" because of the hands the military judges wear in court, severely restricts protections given under rules of evidence and conduct during both interrogations and trials. Many prisoners do not even receive the luxury of a trial, languishing for years behind bars as a result of mere accusations. And once they are incarcerated, the conditions are grim.

Early in December, Martha, a resident of the residence, returned from a visit to her daughter, Len Helene Berenson, who is serving a life sentence for treason in one of Peru's most notorious prisons, Yancamayo, located high in the Andes. Reached last week, the elder Berenson leaped to comment—"because of the delicate situation in Lima"—but he did admit that his daughter's current conditions are "deplorable." That is the same view held by supporters of

Victor Polay—and the other 400 jailed guerrillas, whose ultimate fate may be decided by events at the comfortable conference of the Japanese ambassador in Lima.

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Cash and the campaign

Clinton faces a tide of revelations about his political fund-raising



ANDREW
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IN WASHINGTON

Many remarkable figures have surfaced during the revelations about how President Bill Clinton's Democratic party financed his re-election campaign. There are the financiers and Hollywood high rollers whose hefty contributions cascaded from a night in the Lincoln Bedroom at the White House. There is the administration official with mysterious ties to Indonesian politicians, and the Chinese-American who parlayed a modest restaurant in Little Rock, Ark., and a friendship with the President into a web of trading interests stretching from Washington to Beijing. But perhaps oddest of all is the Taiwanese cult leader whose disciples contributed hundreds of thousands of dollars (most at a steep) to the Democrats. Followers of Sheng Chang Hui claim she is the living reincarnation of Buddha and Jesus Christ, and go so far as to drink her bathwater and buy up her used possessions, marketed as "Celestial Clothing." Our disciple bought her sweat socks for \$1,300 because "when the Master wears the physical world, at least I will have her socks."

The shadowy network of Asian fund-raisers and donors who poured millions into Clinton's re-election effort has focused the most attention since the Watergate era two decades ago on how American politicians have become cash junkies—wielders to an increasing degree of money to keep them going. The Democrats have returned at least \$2.1 million in illegal contributions from Asian sources, and the President's legal defense fund has sent back cheques to talking members 888,000. But for critics of how the U.S. political system is financed, a real treasure in today's doleful news is not the size. The bigger problem is how politicians of all stripes dropped all restraint in their quest for money during the 1996 campaign season, and how existing laws did nothing to prevent it. Candidates for president and Congress, along with corporations and interest groups that backed them, spent some \$8.6 billion—nearly twice the premium paid in the 1992 election year.

Democrats have taken most of the heat, but Republicans too, raised in hundreds of millions, came from foreign sources. And



The President getting in South Carolina: both parties relied on hundreds of millions

their leader, Newt Gingrich, faces money woes of his own that have deflected public concern from Clinton's questionable fundraising tactics. At issue is whether Gingrich violated ethics rules of the House of Representatives by using money he raised ostensibly for nonpartisan purposes to finance a cruise he taught, spent and disbursed, as well as a television town hall meeting. A House ethics committee has said that Gingrich broke the rules by giving it false information, casting a shadow over his re-election as House Speaker expected this week.

The enormous amounts of money flowing into the political system have set reform of campaign financing near the top of Washington's political agenda. Two federal departments—Commerce and Justice—are already investigating the Democratic Asian campaign. House and Senate committees will launch their own inquiries soon after Congress goes back to work on Jan. 20. And two senators who campaigned for reform last year vow to renew their efforts. John McCain, an Arizona Republican and Bush's opponent, and a Democrat from Wisconsin

won 54 votes out of 100 for a bill that would ban on voluntary limits on campaign spending and require candidates to raise most funds in their own states or districts.

Republicans in the Senate blocked the bill with a filibuster, but McCain and Feingold say the new law over campaign money may let them get the bill passed this year. "It's still very difficult, but our chances are better than last time," Feingold told McCain's last week. "Public perception is that the system is as bad as it can be. More and more people think we have a crisis of special interest money dominating our political process. The good news is that it's easier to make the case for change because the public is really outraged."

The revelation says Feingold, senators beyond a handful of Asian states who limit the corporate and foreign interests may be manipulating their leaders. Politicians' demands for cash have become so insistent that they are starting to annoy the politicians themselves. "Even the pillars of the community are some of the most disgusted with the system," says Feingold. "They may have stopped to consider the obvious truth. That they're tired of being hit up. They're becoming targets for every campaign," Feingold called it "the revolution of the contributors."

The Asian connection dominated the last few weeks of the presidential campaign, denouncing the Democrats and helping the Republicans keep control of Congress. At the time, attention centered on John Huang, the longtime commerce department official who

their donations. The fund raising target among Asian-Americans for 1996 was estimated at \$100 million.

The problem was that Huang went shop for money among foreigners and companies with no income in the United States, one of the few restrictions on fund raising under American law. Huang got in on the act, as well. One was Charles Yuh Lin Tze, a Taiwanese-American who met Clinton after opening a Chinese restaurant called Fortuna in Little Rock in the early 1980s, while Clinton was governor of Arkansas. Tze, who now calls himself an adviser on Asian trade, gave 888,000 in cheques to the President's legal defense fund—but that money was also illegally raised and had to be returned. Much of a case from members of the House of Representatives in Taiwan, who offered only vague answers when reporters asked them why they were so eager to donate money to Clinton. The lingering suspicion is that they were lining for other interests.

The illegal foreign donations, though, amount to only a few million dollars—a drop in the bucket of the \$2.1 million that Clinton and the Democrats spent on their re-election. Far more of the system, it is the legal contributions that are the real scandal.

U.S. laws governing campaign financing are as weak and riddled with loopholes that politicians and their spenders can slip away from dozens of ways around them. In the wake of the Watergate scandals in 1974, Congress banned corporations and unions from donating to candidates, but since then so many individuals could give to candidates, and limited how much politicians could spend on their campaigns. An individual could donate only \$200 (U.S.) to one candidate, and a maximum of just \$20,000 (U.S.) to a political party. In Canada, there is no limit on how much individuals, corporations and unions can donate to a federal party, but the amounts raised are restricted by American standards. In 1995, for example, the Liberals took in \$13.9 million, while Reform collected \$5.2 million. During a federal campaign, party spending is limited to 30 cents per voter—meaning that a party with candidates in all 250 ridings could spend only a little over \$10 million in 1995. Individual candidates, typically, could spend only about \$50,000 each under another formula set by Ottawa.

The strict limits in the United States were short-lived. In 1976 the Supreme Court gutted the spending-limit provisions by ruling they were an infringement on free speech. And two years later, the Federal Election Commission ruled that individuals, corporations and other groups could donate to political parties as long as the money was used for what it called "general party-building

Even the big fund givers are tired of 'being hit up'

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DOUBLEDAY CANADA

WORLD

activities" rather than support for a particular candidate. The line between these two purposes is no vague, however, that it effectively did away with transactions on hand-raising and opened the door to what has become known as "soft money."

Soft money cannot be used for advertising that explicitly urges people to vote for one candidate. But it can be used to promote issues that favor a party, or to attack an opponent. It can be donated at any time, even during the official campaign period, and it now dwarfs the amounts raised under the 1974 rules, which qualify for federal matching funds. The Republican party collected some \$200 million in soft money during 1995-1996, while the Democrats collected \$160 million. By comparison, Clinton and Republican Bob Dole received only \$65 million each in official matching funds for their campaign.

"At the presidential level, the increase in soft money recently just blew the system apart," says Claude Nelson, associate professor of government at American University in Washington and author of a 1990 study on cash and politics called *The Money Chase*.

Post-election revelations also show Clinton to have been the most enthusiastic fundraiser of any modern presidential candidate. Shaken by the Republican congressional victory in 1994, the President was determined to start bringing in reelection money early—and to collect a campaign fund big enough to ward off any potential Democratic challenge. The result, documents released after the past week's show, is that he gave his fund-raisers generous quantities of their most precious asset: himself. For the wealthiest donors, that was a bigger thank-you than any special favors.

The result was that Clinton attended literally dozens of fund-raising events over the past year—at least 69 by one count. They included ugly-ducky semi-public events such as his 50th birthday party at Radio City Music Hall in New York City last August, which brought in \$14 million for the Democrats. More controversially, they included dozens of private sessions for donors at the White House, ranging from intimate "cuddles" in bunkies, dinners and sleepover sessions behind the wrought-iron fences at 1600 Pennsylvania Avenue. There were so many that

observers began to joke that the White House had become "Motel 2000," with the Clintons hiring down the halls in the Lincoln Bedroom for the likes of Hollywood mogul David Geffen and Wall Street titan Soros. The tab, the men donated more than \$150,000 apiece and raised hundreds of thousands more for the DNC. Benefactors such as senators McCain and Frenkel vow to step up efforts to bring down the cost of campaigning and persuade politicians to win themselves from the corporate cash cows. There's every little support, however, for mandatory spending limits. McCain, Frenkel and others propose a system whereby politicians would voluntarily limit their fund-raising and spending in return for incentives such as free TV time, while the soft money loophole would be closed for good.

Even such modest measures face formidable obstacles. Most Republicans oppose any tightening of campaign finance laws, arguing that a better solution would be to deregulate the entire system and hold politicians accountable by requiring them to disclose all contributions and spending. They follow the arguments of libertarians such as Bradley Smith, a professor at Capital University Law School in Columbus, Ohio. In a recent commentary for the conservative *Cato* journal, he noted that the hundreds of millions of dollars loosed on U.S.

campaigns seem less formidable when compared with other things Americans spend money on. If the cost of all national campaigns in a two-year election cycle is between \$1.5 and \$2 billion (U.S.), he wrote, that amounts to less than \$20 per voter—the cost of a couple of video rentals.

One of the leading proponents of such views has been Gingrich himself, whose own financial and ethical disclosures have eased public pressure on the Democrats. Republicans, who hold a majority of 235-207 in the House, were confident last week that Gingrich would face only a mild reprimand for his rules violations. But he will still be a chastened and diminished figure—a bonus for a President with eyes that his own share of votes even before he is sworn in for a second term.

PHIL LINDEN PISCOPUS for GLOBE

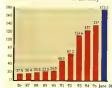


Gingrich drawing the ethics rules

The Growth of the Mutual Fund Industry

In the last few years, Canadians have seen a tremendous amount of growth in the mutual fund industry. And 1996 has been a staggering year. Three years ago, a study prepared by Investor Economics Inc. revealed that mutual funds represented only 16.6 per cent of the total investments made by individuals, indicating enormous potential for further growth. By the end of December 1996, assets under management in Canada had reached a staggering \$206.2 billion. Five years ago the industry was one quarter that size. Six years ago it was one seventh that size. Even this impressive growth needs to be measured against a recent Price Waterhouse study that shows only 26 per cent of Canadians over the age of 20 own mutual funds. This is lower than conventionally thought. The study reveals that many people do not understand mutual funds and incorrectly believe them to be products for the wealthy.

Growth of Mutual Fund Industry



GROWTH OF OUR INDUSTRY

A number of factors account for the outstanding growth of Canada's mutual funds industry: the entry of the banks into the market, low interest rates, aggressive marketing by managers, and heavy media coverage among them.

DEMOGRAPHICS

It is predicted that the aging of the baby boomers will provide the mutual fund industry with continued growth. In the United States the number of retirees will grow from 40 million in 1995 to almost 60 million by the year 2000. Post retirement life spans are expected to lengthen from 20 years to about 30 years. Accordingly, people will need greater retirement resources, especially in a time when government can do less for them.

But it is not only retirement that people save for. Harry S. Dent Jr. notes that for Americans, the first major saving phase is for their children's post-secondary education. This concern is most important when they are aged approximately 35 to 44. As cost-cutting governments raise tuition, and as post-secondary education becomes ever more important for employment, this saving focus will take on even greater importance.

David Foote, co-author of *Boss, Bail & Exit*, believes that the boomers are going to put a larger portion of their retirement savings into stocks because they have no acceptable alternative, given the low returns available on real estate and cash.

ADVERTISING
SUPPLEMENT



5

DISINTERMEDIATION AND THE EVOLUTION OF THE FINANCIAL SERVICES INDUSTRY

Disintermediation, the shifting from indirect to direct financing, is evident in our financial market. For example chartered banks hold a much smaller percentage of assets than they used to. In 1870 the chartered banks accounted for 75 per cent of financial intermediary assets, and today they account for about 37 per cent. The money has gone somewhere else, and some of it has gone into new players in

the system, such as trustee pension plans and mutual funds. Over the period 1980-1990 and 1990-1994, when total private financial intermediary assets grew annually by 11 per cent and 7.7 per cent, mutual funds assets grew by 22.6 per cent and 39 per cent. This growth can be attributed to the consumer attempts to lower diversity risk and benefit from the rates of return available in capital markets by making portfolio adjustments out of directly held stocks and securities into the hands of professional portfolio managers.

INVESTMENT CHOICES

Investment Type	Invested in Mechanism	Expected Risk	Short-Term Potential	Long-Term Growth Potential	Long-Term Return
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FIXED-INCOME INVESTMENTS

Bonds		interest & capital gains	moderate to high	moderate to high	moderate
Savings Accounts		interest	none	low	low
Canada Savings Bonds		interest	none	moderate	low
GICs		interest	none	moderate	low
Mutual Funds					
Money Market Funds	commercial paper, treasury bills, short-term bonds	interest	low	moderate	low
Fixed-Income Funds	mortgage-backed securities, corporate & government bonds	interest & capital gains	moderate to high	moderate to high	moderate
Balanced Funds	stocks & bonds, dividends & capital gains	interest, so high	moderate to high	moderate to high	moderate
Equity Funds	stocks, capital gains	dividends & so high	moderate to moderate	low to high	high

COMMON STOCKS

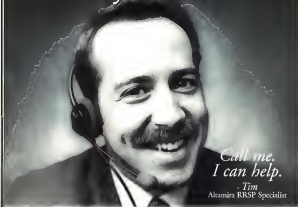
Growth	capital gains	high	low	high	
Blue chip	dividends & capital gains	moderate to high	moderate to high	moderate	

Income Investments

A Balance of Income and Growth Investments

Growth Investments

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SHIFTS IN THE HOUSEHOLD BALANCE SHEET

There has been a fundamental shift in emphasis from real assets to financial assets. The real assets in which many Canadians once placed their faith for a retirement nest egg have left them disappointed. The drop in value of residential real estate in the last eight years has shattered widely accepted economic wisdom. This shift has driven and will push investors from real to financial assets, especially mutual funds.

MUTUAL FUNDS IN CORRECTIONS, BEAR MARKETS OR CRASHES

Skepticism about the long term growth of mutual funds arises from the worry that these funds are somehow vulnerable to redemptions in downturns in the market because their investors may tend not to be highly informed. As IFIC's December statistics indicate there are 21.6 million shareholders, a 43 per cent increase from a year ago. Mutual fund owners do not, it turns out, make massive redemptions during market downturns. An analysis by the Investment Company Institute (ICI) in the United States of more than 50 years-including 14 major stock market cycles and a number of sharp market sell-offs reveals that market downturns failed to trigger substantial outflows from stock funds. That analysis is consistent with evidence from other shareholder studies and surveys and suggests mutual fund owners have a long-term investment horizon and basic understanding of risk.

But what if the sheer number of shareholders suggest that increasingly the industry has novice investors who have never before been invested during market downturns? It can be argued that mutual funds inflow will likely be more stable than our intuition suggests. Much of the money flowing into mutual funds - and this may account in part for the continued in-flows, even during the interim doldrums in 1996 - comes from younger workers, saving for their retirements. These

use of pre-authorized chequing plans and Registered Retirement Savings Plans suggests that they are in the market for the long term and have good reason not to pull out in a panic when share prices start to decline. The extent to which funds can be borrowed to buy shares is strictly regulated, and most funds hold a cushion of cash to meet redemption requests. Even more importantly, investors are learning to take advantage of bargains during a downturn as more assets of a fund are available at a lower price when

"In the context of historical fund performance over the past decade, investors are aware 1996 is an exceptional year with phenomenal growth."

the market turns down.

In the context of historical fund performance over the past decade, investors are aware 1996 is an exceptional year with phenomenal growth. Growth worsens increased responsibility, and whether assisted by the federal government or not, helping Canadians to become self-reliant and to prepare for the future is a serious responsibility. As we see the relationships between government bodies, the industry and the individual changing, it is appropriate to issue the role of IFIC clearly. Despite change around us, the premise of IFIC has not changed. We will exist to help the investor understand the unique value of the product called mutual funds, to enhance the industry's ability to communicate its message, and to assist the regulators.

Rob Leckey and Alison Kinnel, IFIC

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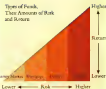
10 Common Myths about Mutual Funds

I am not sure what a mutual fund is but I do know that I need to be well educated on mutual funds before I invest in one.

Fact: An investment (or mutual) fund is a corporation or trust which accepts money from public investors and employs a professional investment manager to place that money in investments that will meet the fund's objective (i.e. produce the kind of return that the fund has stated as its aim).

A fund therefore is simply a cooperative means for many people to pool their savings and have their investment professionally managed in the type of investment they choose. This pooled concept is one that allows numerous investors to put relatively small amounts of money into investments. But those many small sums add to a large amount of available dollars with which the fund manager can choose and diversify the investments represented in a specific fund. The investment fund also offers not only professional money management, but provides full administrative and accounting services for the investor.

Information on mutual funds can be obtained from the fund's managers or from the Investment Funds Institute of Canada. Advice on investing, financial planning and arrangements to purchase fund shares can be obtained from mutual fund dealers, financial planners, stock brokers and investment dealers. Mutual funds are also available from some banks, individual fund management companies, trust companies and life insurance companies.



Mutual Funds are Risky

Fact: It's impossible to compare funds "across the board". Mutual funds not only differ in their financial objectives but also invest in different kind of securities that reflect the ultimate objective of the fund. Thus, depending on the securities the fund is investing in, or the mix of securities chosen for a specific fund, the element of risk varies substantially.

The fund's objective is what the fund seeks to achieve by investing. This will determine what kind of securities the fund will buy, and in what economic sectors or countries. This directly influences the risk a particular fund is exposed to.

For example, a fund seeking the highest possible return on capital may invest in more speculative common stocks than one seeking maximum income from dividends. The risk in attempting to meet the first objective is much higher than in the second.

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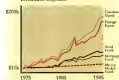
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risk involved is directly related to the fund's objective. Generally speaking, it can be assumed that the higher the return, the higher the risk involved.

Mutual Funds Can Meet Virtually Any Investment Objective



However, mutual funds remove much of the risk from investing because they are professionally managed by fund managers with many years experience in portfolio management. For example, in common stock funds, professional managers select the investments and monitor them carefully and constantly. In addition, because the pooled concept means that there is a greater amount of diversification inherent in funds than would be possible in a portfolio of comparable size invested in stocks or bonds directly, the element of risk is spread, thereby making funds less vulnerable to market fluctuations.

It should also be remembered that while it may be considered safe to keep one's sav-

ings in cash, there is always the risk that inflation will, over time, erode the value of those savings.

"I am much better off keeping my money in my savings accounts"

Fact: Generally speaking, savings accounts are the means by which banks and trust companies borrow money from the public and lend it to companies and individuals at higher rates. The financial institution makes money on the spread or the difference between the rate it pays on savings accounts and the rate it charges borrowers. A money market mutual fund, for example, lends money directly to governments, corporations, and financial institutions. All people who invest through such funds earn the higher rate. There is no middle man.

The rate of return for "non-guaranteed" investments, such as common stock funds have, over time, historically been much superior to that of a savings account with a financial institution. This is because, as a free enterprise system investor who choose to "share" ownership of a public business by purchasing common shares are sharing in the fortunes of the business. If it does well they share profits - if it does badly there are little or no profits to share. They therefore expect, and get, a higher return for taking this risk. However, it must be borne in mind that the return on a common stock fund would not necessarily be consistent from year to year as companies do better in some periods than others.

The Magic of Compounding (Registered Plan Example)



MUTUAL FUND FEATURES AND BENEFITS	
FEATURE	BENEFIT
1. Investor Protection	Mutual fund investors are protected in several ways <ul style="list-style-type: none"> • client assets are kept segregated from mutual fund company's • fund assets are held by a chartered bank or trust company custodian • contingency trust funds have been established in a number of provinces to compensate individuals in the event of mutual fund company fraud. These funds have never needed to be used. <ul style="list-style-type: none"> • the Simplified Prospectus of a mutual fund outlines investment objectives and risk factors for a particular fund • funds are audited annually by independent auditors
2. Affordability	With most mutual funds, you can usually start with a minimum investment of \$500 or installments of as little as \$25 a month.
3. Professional Management	Portfolio managers have specialized skills that help contribute to better portfolio performance than you could easily achieve on your own.
4. Diversification	Mutual funds allow you to diversify among many different investments, effectively reducing risk.
5. Accessibility	Your mutual funds are accessible on any business day, unlike fixed term investments.
6. Convenience	It's easy to invest in mutual funds and exchange money between funds within the same fund family.
7. Service	Mutual fund companies provide comprehensive fund and client reporting services including updates on holdings, performance, transactions and tax receipts.
8. Cost	The cost of investing in mutual funds is reasonable and varies according to the services you want.
9. Choice	There are hundreds of different types of mutual funds to choose from so you can almost always find the right fund for your specific needs.

While your investment in mutual funds is protected, it is not a "deposit", and not eligible under the Canadian Deposit Insurance Program.

You have to be wealthy to invest in mutual funds.

Fact: This is not the case. Initial investment in a mutual fund varies between one fund and another but the minimum is quite low for most funds - somewhere in the region of \$500 - \$1,000 would be fairly common. In addition, it is possible with many funds to start at a much lower level if the investor is prepared to make a regular savings commitment and invest in a fixed amount per month. In such cases the minimum may be as low as \$25.00 monthly.

Mutual funds are too confusing when comparing the rates of return.

Fact: One should only compare funds of similar types to get an accurate picture of relative performance. You cannot compare the rates of return between different types or categories of funds - you have to compare apples to apples, oranges to oranges.

For example, it is pointless to compare the results of a fund that invests in oil and gas exploration companies with one that invests in well-established companies. The risks are quite different, as are the possible returns on the investments.

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portfolio managers help to manage risk by personally visiting the companies we consider investing in. We speak with the CEO, and even the people on the shop floor, to gain a deep understanding of their business. And, if we determine that it's a company that will help your money grow over the long term, then we'll commit. Before we invest your hard-earned money, we invest our time. For more information, consult your financial adviser or call us and we'll connect you with one.

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MUTUAL FUNDS
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Fortunately, the financial press regularly reports the performance of Canadian mutual funds by type. These reports contain average results over a one, three, five or 10-year period and are categorized by the investment objective of the fund. This makes it very simple for the investor who is considering, say, a growth fund, to compare all similar funds.

It is very difficult to get your money out of a mutual fund.

Fact: Most funds have their shares or units valued daily. This means that investors may purchase shares or units on any business day, and in most cases, may redeem or sell those units or shares back to the fund on any business day.

"There are several hundred funds available in Canada offering a broad range of investment objectives and investing in a variety of securities ..."

Mutual Funds are basically all the same.

Fact: There are several hundred funds available in Canada offering a broad range of investment objectives and investing in a variety of securities and in a variety of geographical locations. For example, there are funds that invest in Canadian common stocks, US common stocks and international common stocks. There are also funds that invest in the stocks of specific industries, such as natural resources or oil and gas stocks. Some funds invest only in gold

other precious commodities. There are balanced funds which split their holdings between bonds and stocks, depending on how the manager perceives economic conditions at that time.

There are dividend funds that aim to maximize dividend income. In addition, there are bond funds and mortgage funds. There are also various types of money market or savings funds based on fixed income or guaranteed investment. Most of the funds available in Canada are open-end funds, meaning that they issue a continually increasing number of shares and subsequently purchase these shares back from investors on demand.

Mutual funds are not suitable for retired people.

Fact: Funds are suitable for retired people provided there is careful selection of the fund based on an investment objectives. A conservative approach to the preservation of capital may be desirable as one reaches more mature years. There may also be increased emphasis on the income needed for retirement. The right kind of funds can provide the means to reach both these objectives.

Mutual fund companies charge very large fees to invest in a fund.

Fact: Basically, all funds charge a management fee which is a percentage of the value of the assets of the fund. On average it is an annual percentage of between one and two percent. In addition, there may be sales commissions charged on the purchase or redemption of shares which are paid to the distributing agency. Remember that commissions is paid for the value-added service of investment planning provided by salespeople. The amount of commission will depend upon the size of the purchase. If you understand investment, risk factors and tax considerations, funds without sales commission (no-load funds) may be investigated.

MUTUAL FUNDS

SOME TIMELY ADVICE



Thinking of purchasing mutual funds for your RRSP investment portfolio? With hundreds of funds available today deciding which ones to buy and when to buy them can be difficult. That's why thousands of people like you count on the professional advice of people like ours to help them make the right decisions.

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With the goal of protecting one's financial assets from loss the investor entered the world of investing with its cast of thousands: GICs, mutual funds, treasury bills, government and corporate bonds, mortgages, common and preferred shares, international asset classes and the list goes on. Guarding one's money against the erosion of inflation and the lurking evil of low rates of return make the cast of thousands of investment choices overwhelming. The Canadian Institute of Financial Planning offers peace of mind when making these decisions through their course curriculum. Long recognized by individuals inside the financial services industry, the Institute's six course program also appeals to those who just want the mystery taken out of personal financial planning, as well as to those working in other areas who would like to become professional financial planners.

The Canadian Institute of Financial Planning announced exciting new changes to its flagship Certified Financial Planner™ (CFP) Program last October. Individuals who wish to become financial planners licensed to use the internationally recognized certification marks must take a comprehensive final exam, set and administered by the Financial Planners Standards Council of Canada (FPSCC). The FPSCC was established to benefit and protect the public by enforcing education, examination, experience and ethics re-

quirements for financial planners licensed to use the international Certified Financial Planner certification mark (CFP). The CFP's Certified Financial Planner program was the first to be endorsed by the FPSCC.

"Guarding one's money against the attack of erosion of inflation and the lurking evil of low rates of return make the cast of thousands of investment choices overwhelming."

The Canadian Institute of Financial Planning's Certified Financial Planner program is the most established program of its kind in the country and is offered by correspondence and at select community colleges. It has been the most comprehensive educational program available on personal financial planning and has been recently redesigned to specifically prepare students to write the Council's certification examination. It is the surest step to the prestigious CFP certification marks. Challenge exams are one of the Institute's exciting new initiatives established for the upcoming term. Those now in the industry who have significant experience, can apply to write the examination without completing the course work

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What are you doing after work?

Important information about AGF Group of Funds is contained in the simplified prospectus. Obtain a copy from your financial advisor or AGF Funds Inc., and read it carefully before investing. Unit value, yield and investment rates will fluctuate. *Bell Charts, October 20, 1996. Nelson's World's Best Money Managers Survey, June 30, 1996.

Investment
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18

"More than 3,500 professional financial planners have enhanced their knowledge and status through courses offered by The Canadian Institute of Financial Planning."

These challenge exams are now available for five of the six courses and provide busy people seeking professional certification with the option of greatly decreasing the time it takes to reach their goal. With the challenge procedure now in place, qualified individuals can effectively complete up to four courses in each term (two in the regular manner plus two on a challenge basis). Courses designed for those who wish to become financial planners and for those searching for answers to the mystery of financial planning include:

Personal Financial Planning - An Introduction to Personal Financial Planning. This course provides students whether for personal use or as the foundation for the CFP certification mark, with the fundamentals of financial planning. Topics include the financial planning process, financial objectives and money management, tax planning and risk management to highlight a few.

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You may think the best way to be financially secure is to take no risks whatsoever with your hard earned money. But in an effort eliminate risk entirely, you give yourself a false sense of security and sacrifice real growth that outpaces inflation and taxes. The real risk is not taking at least some risk with your money. Taking reasonable risks doesn't mean anything everything you own. It means putting at least some of your money into growth investments.

Controlling the Future: Creating Financial Security examines the basics of retirement planning, including taxation and legal aspects. Topics include post-retirement planning, retirement savings plans, pension plans, old age security and retirement decisions.

Strategic Investment Planning - Understanding Investment Products and Investment Strategies.

This course examines alternative investment products including fixed income and equity products, mutual funds, real estate and tax shelters.

Risk Management and Estate Planning - The Role of Insurance and Estate Planning in Personal Financial Management.

Addresses insurance and estate planning. Topics covered include the risk management process, types of insurance, will, powers of attorney, family law, trusts, and related tax and legal considerations.

Professional Practice - Comprehensive Financial Planning and Professional Ethics.

This course incorporates all the information provided in the first five courses in addressing client situations, and deals with the process, as well as the legal and ethical considerations used in setting up and managing a professional financial planning practice and maintaining the CFP certification mark.

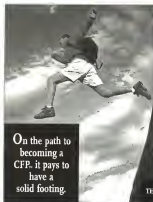
More than 3,500 professional financial planners have enhanced their knowledge and status through courses offered by The Canadian Institute of Financial Planning.

Miriam Kozel, IFIC

100 Trustees of the Certified Financial Planner Board of Standards Inc., used under license

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Other new developments include the establishment of bulletin board features on the Institute's interactive website at www.cmfund.ca/CFP. The Web site provides speedy transmission of updated course and judgement information to students, facilitates the creation of study groups, and national expansion of the Institute's community college affiliate network.



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Asset allocation and Balanced Funds

The vast majority of investors should consider a portfolio of funds that includes fixed income, Canadian equities, international exposure and possibly some specialty funds. The asset mix will vary over time to reflect the outlook of the different markets and your specific needs. This diversification reduces portfolio risk. You can construct that mix yourself, use one of the asset allocation services available or pick off-the-shelf asset allocation or balanced funds.

Many investors are unaware that there is strong theoretical and empirical evidence that effective asset allocation, in the long term, is by far the most important aspect to the overall performance of a portfolio. Pension fund managers have known this for decades and in many cases apply the lion's share of their strategy to fine-tuning the so-called "asset mix".

WHAT IS ASSET ALLOCATION?

Asset allocation is the process in which different classes of assets such as stocks, bonds and cash and different management styles are combined with a view to maximizing portfolio return while reducing overall portfolio risk (usually measured by the volatility of monthly returns). The concept can be used to build a wide variety of portfolios, including a purely domestic portfolio (one that only invests in Canadian assets) or an international portfolio. In addition, depending on the investment objectives of an individual, various asset allocation strategies can be devised to best suit individual needs.

WHY IS ASSET ALLOCATION SO IMPORTANT?

Studies have shown, and practitioners can attest, that up to 90 per cent of a portfolio's return can be attributed to the asset allocation decision – the percentages of various classes of assets in the portfolio as distinct from the fund manager's stock-picking ability. In the last year, it would have been unusual, even improbable, for a small-cap equity fund manager to generate returns of less than 10 per cent. This is because small-cap stocks outperformed as a group larger-capitalization stocks. Any asset allocation strategy that included small-cap stocks would have benefited from this. That is not to say that individual stock-picking does not matter – it does – but in the long run there is evidence that the decision to hold small-cap companies were more important. By combining different asset classes and investment styles, the overall volatility of the fund can be reduced.

"By combining different asset classes and investment styles, the overall volatility of the fund can be reduced."

The reason, simplified to a simple sentence (there are books on asset allocation) is that, to a certain extent, when the return from one class of assets declines, returns from another class of asset to some degree or another, increases, reducing the magnitude of large swings in monthly returns.



THERE ARE TWO BASIC APPROACHES TO ASSET ALLOCATION:
STRATEGIC ASSET ALLOCATION and
TACTICAL ASSET ALLOCATION.

STRATEGIC ASSET ALLOCATION

Strategic asset allocation is based on the theory that given a certain tolerance for risk, a portfolio can be optimized by carefully constructing an asset mix that performs within the risk-tolerance level. Practitioners assume that it is impossible to time moves in and out of markets successfully over the long term to catch swings in prices. In other words, an asset mix is constructed to meet with the performance/volatility (risk/reward) expectations of the investor and is not adjusted in anticipation of short-term market changes. If the bond market is expected to rise dramatically in the next six months, the strategic asset allocator will pay little heed since he or she cannot be sure that it will in fact happen and doubts that jumping in and out of bonds will provide superior long-term returns. Many "balanced" funds use a strategic asset allocation policy of maintaining a responsibly stable asset mix. This is distinct from the so-called "asset allocation" funds which typically take a more tactical asset allocation approach. In many balanced fund prospectuses, the manager is restricted to working within a tight range of investment levels for each basic asset class (stocks, bonds, cash).

TACTICAL ASSET ALLOCATION

Tactical asset allocation is an allocation process that is based on the belief that the markets can be "timed" and that investors can exploit anticipated increases and declines in a market. For instance, if he or she believes the Canadian stock will outperform the bond market in the coming months, the tactical asset allocation manager will overweight his or her portfolio in Canadian stocks in order to capitalize on the expected growth. Of course, if the anticipated growth does not materialize, the asset mix may not be optimal in the short term.

"Practitioners assume that it is impossible to time moves in and out of markets successfully over the long term to catch swings in prices."

This is the basic strategy behind the so-called "asset allocation funds". These fund managers are given much more latitude in the use of the portion of the portfolio that can be devoted to each asset class than in the typical balanced fund. For example, if a manager of a tactical asset allocation fund is extremely bullish on the equity markets, he or she is usually able to rid the portfolio entirely of stocks and place the assets in, say, cash instruments.

Steven Kohnen - excerpted with permission from Understanding Mutual Funds published by Globe & Mail

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The 1996 Budget: The Looming Effects

The February budget of 1996 has tremendous importance in regard to long-term effects on retirement saving by Canadian investors. A few important changes have eased serious concern within the industry regarding the economic impact of taxing RRSPs, Canada's 20 per cent foreign content property rule, and the decrease in the age at which a planholder must convert an RRSP to a RRIIF. Canadians increasingly realize that as years go by, savings for retirement will be more and more their own individual responsibility. But aside from looking at restructuring the Canada Pension Plan, and possibly allowing some pension monies to be invested in the stock market, rather than in government debt, the federal government needs to take a longer view and to recognize that a must not hamper Canadians' abilities to provide for their own retirement.

Changes in the February budget removed the tax deductibility of trustee and administration fees paid by RRSP and RRIIF holders. Many people currently pay these fees directly from their RRSP or RRIIF plans. The technical interpretation provided by Revenue Canada in May stated that everyone who pays the fee from inside their RRSP or RRIIF must be said a withdrawal tax form and be subject to withholding tax on the amount. IFIC lobbied against this and the result is that RRSP owners will not be required to issue the above documents, saving Canadians tax dollars and needless administrative costs for IFIC members. This is a significant victory for the investor.

The focus on the maximum RRSP contribution at \$13,500 until 2002 is not progress. Nor is the damaging change reducing the latest age to convert an RRSP to a RRIIF from 71 to 69. These changes create significant and detrimental effects for one so saving for retirement. The compounding that occurs in the last two years of one registered plan can literally be the difference between some comfort and poverty. For example, a \$250,000 nest egg earning a 10 per cent return compounded over the last two years puts the nest egg over \$300,000 two years later.

The federal government's determination to keep the 20 per cent foreign content rule for registered savings plans does not encourage Canadians to take adequate opportunity to invest for their retirement in securities outside of Canada. Investment returns consistently more than 85 per cent of the assets on which privately funded retirement income depends. The ability to achieve the best returns possible should be unencumbered by government-imposed investment restrictions. To abide by the Foreign property rule when investing in a portfolio managers and investors are faced with the following situation. Retirement and Pension funds are limited to 20 per cent foreign property of a portfolio. But 97 per cent of the securities market is foreign. Canada represents only 3 per cent of world securities. Based on the Foreign Property rule Canadians have to look at 3 per cent of the world securities for 80 per cent of their investments. Canadian would benefit from investing outside of Canada more than the federal government currently allows them to do under their registered plans. *Allen Kowal IFIC*

World NOTES

NORTH KOREAN APOLOGY

In an unprecedented concession, North Korea expressed "deep regret" about its submarine incursion into South Korea in September. Seoul then handed over the names of 34 North Koreans shot within days of the incident. Pyongyang's move seemed aimed at easing tensions that have halted food aid to North Korea. Diplomats said peace talks could soon be revived.

WINNING IN SINGAPORE

In a bitter campaign, Singapore Prime Minister Goh Chok Tong earned votes for his home, would become prime if his coalition defeated opposition candidates, because his winning government would not help them. Goh's party was already accused of re-election because the opposition did not run enough candidates. But his headline tactics produced the party's best showing in 16 years—49 per cent of the vote and eight two seats. The opposition called the election a "hoaxery."

IRANIAN WAR CRIMES

A Swedish court sentenced two Hula men to death in the country's first trial under a new genocide law since the 1994 mass murder of 680,000 Tutsis and moderate Hutus. More than 80,000 people have been jailed on suspicion of involvement, including 3,000 from among the hundreds of thousands of Hula refugees who recently returned from Tanzania and Zaire. The Hugar's International war crimes tribunal also opened proceedings in Rwanda, but the UN body is prohibited from issuing death sentences.

CARNAGE IN INDIA

Eight militants claimed responsibility for two remote-control bombs that exploded on a railway track at northeast India, killing at least 30 passengers on a crowded train. The Buddhist Liberation Tigers Force, a separatist group in Assam state, threatened more "train-same acts."

CHILD BEAUTY MURDERED

The parents of a murdered 16-year-old pregnant woman denied involvement in her death, coming out of jailhouse for her husband. Jennifer Ramsey, a mother of three, was found dead in a hotel and gagged in her blood. She was, basement on the day after Christmas, eight hours after her mother reported the girl had been kidnapped.



PEACE AT LAST:

Native in Guatemala march in memory of the victims of the country's 36-year civil war, which ended last week when rebels and government officials signed a long-awaited peace treaty. Foreign Affairs Minister Lloyd Axworthy was among 1,300 foreign dignitaries who attended the signing ceremony in Guatemala City. More than 100,000 people died in Central America's last and longest civil war and 40,000 went missing. The rebellion was started in 1960 by leftist officers who fled to the mountains, six years after a CIA-backed military coup had overthrown an elected president who planned major land reform.

A concession from Milosevic

At precisely midnight on New Year's Eve, thousands of shrapnel shells held aloft as the freezing cold by protesters in Belgrade began to rage. Serbian President Slobodan Milosevic did not need to ask for whom the bells tolled. The air shattering itself was aimed at the moderate leader, who had threatened to use force to end seven weeks of daily demonstrations by his opposition foes. The protests were triggered when he overturned the results of municipal elections in which dozens of democrats were elected. A report by the Organisation for Security and Co-operation in Europe last week concluded that the opposition had won the elections fairly and warned

that the West would withhold financial aid to Yugoslavia if the results were not recognized. At the same time, Milosevic was denounced by the influential Serbian Orthodox Church, which accused him of trying to trigger a civil war in Europe's last nonneutral state. As the pressure mounted, the President finally conceded that the opposition was in a rare words of Belgrade but he made no mention of the election's biggest prize, the Belgrade city assembly. The United States and the gesture "does not go nearly far enough" and the OSCE increased its demand that the original results stand. Serbia's pro-democracy coalition vowed to continue the daily street protests.

Death and havoc in Europe's big freeze

Across northern Europe last week, the worst winter weather in 30 years caused more than 150 deaths and brought transport to a halt. Parts of England's Thames froze for the first time since the Second World War. More than 10,000 passengers were stranded in southern France when the cold stopped trains on their tracks. In Romania, a military overlord with hawks at his side who could not be heard for in human greed, Munich's KLM flight system, crucial to freight transport, arrived to find its temperatures fell as low as -65° C. The flight weather system, originating in Siberia, turned to ice and caused havoc from Russia to Spain.



CN employee Colin Roberts with remote-control 'hot job' crew members

Years of cutting have produced a leaner and meaner CN

Business

Back on the rails

BY PAUL KAHILA

"The guy was working full time on GM's property and he was driving a Ford," Paul Teller spatters, his native French heading words as he delivers the punch line to his anecdote. "What the hell was going on?"

Five years later, the company still who Teller, a lawyer and race fan-fanist among Canada's corporate ruling class who, until 1993, was the country's top civil servant. The accident in question took place a few weeks after Teller became chief executive officer of Canadian National Railways and, to him, it symbolizes everything that was wrong with the notoriously bloated Crown corporation. Teller was on a glad-traveling tour, scheduling clients such as the head of General Motors, CN's largest customer. After a meeting at GM's Canadian headquarters in Oakville, Ont., a CN employee who worked on the site wearing mail shipment of newly assembled vehicles picked Teller up at the front door—in a Ford.

"When I got back to my office," Teller recalls, "I asked, 'What is going on?' Our guy is working at GM and he's driving around in a

God-damned Ford!" He knows his voice for dramatic effect. "A very serious vice-president answered, 'What's wrong with that?' Ten weeks later, he was gone."

By that time, five other top executives had also been removed. In fact, after more than four years with Teller at the helm of Canada's largest railway, a lot of things are gone. Fourteen thousand of the 36,000 employees who were on the payroll in 1989 are gone. Half a billion dollars worth of real estate and non-railway assets, including the CN Tower, are gone—sold off in an effort to strip operations down to the core business of locomotives and boxcars. And more than a quarter of CN's 32,000 km of track has been sold or abandoned because, Teller says, "there were too many miles of rail chasing too few tons of freight." The shunting and selling are part of Teller's grand strategy to transform an organization that was widely viewed as "a basket case," to use the CEO's own words, into "a profit-driven, customer-oriented company."

The hard medicine seems to be working, because the red ink is gone. In 1990, the year Teller took over, CN lost a staggering \$890 million on revenues of \$3.9 billion. For 1991, it is expected to turn a profit of \$435 million on revenues of about \$4.2 billion. In-

vestors, not surprisingly, are delighted. In 1990, the federal government (valued CN, rising \$2.2 billion). The shares, mostly held by Americans, have almost doubled in value to \$28. "When I got here, the organization was in very bad shape," says Teller. "There was no preoccupation with the bottom line—'We make money so much the better, if we don't, so what?' If you ask me to sum up what I do in one sentence, my job is to change CN's culture."

To many observers, Teller seemed an odd choice for that mission. After working in government for a quarter of a century, he was more accustomed to spending money than making it. Opposition politicians branded his appointment as a patronage reward from his boss, then-Prime Minister Brian Mulroney. But Nicolas, a Conservative MP from Nova Scotia who was chairman of the Commons Transportation Committee before he broke with his party to sit as an independent, was one of the most outspoken critics. "The presidency of CN is just as important to the playing of the game as the president, let alone the posture for restricted public services," Newton told reporters in 1989.

Teller now says that such criticisms were fair game. "For someone to say, 'What the hell is this guy doing there? He doesn't know anything about railroads, that was a very valid question,'" he concedes. "I had to earn my credibility."

It was not the first time Teller had stricken himself. His record reads like a chapter out of a Canadian counterpart to *The God and the Devil*, a book about the man John F. Kennedy brought to Washington to run his government. After earning a law degree at the University of Ottawa and studying literature at Oxford, Teller taught law briefly at the University of Montreal. In 1961, he moved to Ottawa and held a succession of senior posts, including a two-year stint in Quebec City as

deputy to control the bureaucracy at the top of the list was the clerk of the privy council. The same wanted Mulroney to give the job to David Johnson, then principal of McGill University. When he chose Teller instead, many in the prime minister's entourage grumbled that he had sold out to the Ottawa establishment. "Mulroney winged out," a former staffer says now. "He wanted to be liked by the system. That was important to him."

Looking back, Teller says that both Trudeau and Mulroney were "enjoyable people to work with," the prime minister's "sense of excellence" and Mulroney's "people skills," adding that the Tory politician is "a very, very considerate person."

Teller insists that his transition to the private sector was an easy one. "I never saw myself as a permanent public servant," he says. He now lives in Montreal, home to CN's head office, and draws more than twice the \$165,000 annually he received as a public servant. Teller's previous jobs in the world include of Westernmost include Canada's former ambassador to the United Nations and sometime tennis partner, Yves Fauriol.

While Teller boasts that no other "large company in Canada has changed more than Canadian National has in the last four years," the transformation has largely been achieved by cutting expenses rather than cutting up new business. By far the largest portion of the savings, \$355 million, resulted from 14,000 layoffs. "I didn't do that because we were going after more," Teller says, sensitive to the growing backlash against corporate job killers. "It was simply the biggest labor force." He insists any comparison to Al Dunlap, the notorious U.S. corporate downsizer who profits himself on mass firings. "I do realize that we are doing layoffs here," Teller concedes. "But I tell our employees that the best security is to work for a company that is profitable. I don't worry strongly that what I did was to slash 14,000 jobs—it was much more to protect the 22,000 jobs that remain."

One way Teller cut jobs was by attacking CN's notorious featherbedding. When Teller arrived at the company, CN was bleeding out paychecks to about 20,000 employees who had no work to do. "I don't want to say the jobs had been abolished. Union contracts guaranteed that any worker with eight years of service could remain on the payroll until age 65 even if his or her position disappeared. On top of that, the company could not transfer employees against their will. Those restrictions meant that CN was having new workers off at the same time as it was adding new ones. In 1989, in Edmonton while cancelling a project to build a new passenger line in Montreal who refused to move. Under a new contract that came into effect after a 1990 strike, employees saw their income protection reduced to 90 per cent of their salary for six years. Workers who refuse a position in another city only receive 65 per cent of their pay for two years.

The new contract also requires train conductors to work a 12-hour shift, a move that has resulted in a two-man crew travelling only an average of 208 km each weekday. That means a train carrying petrochemicals from Sarnia, Ont., to the port of Montreal had at least six crew changes along the way. Now, by making crews work up to 12-hour shifts, the number of changes has been cut in half.

Technology has also saved money. One CN innovation was to "hot job" a mobile boxcar to a new operator standing beside the track who uses toggle switches to move a unit to the next engine. As a demon-



BUSINESS

ation last month at CN's largest annual three-day event, north of Toronto, an operator used a bell truck to assemble a 120-car train, which included a locomotive pulled from Buffalo as well as two northern Quebec rail cars of steel from Bafin Creek, Mich., destined for Montreal. Before the introduction of the bell truck in 1994, the process required three people instead of the current two. Nationwide, bell trucks have replaced 285 locomotive maintainers, each of whom cost the company about \$75,000 in annual salary and benefits.

Some workers are disgruntled. "It's a crock," says Cliff Buzanika, a veteran CN rail worker and union chairman of the Brotherhood of Locomotive Engineers. He argues that the bell truck does not necessarily cut wages sufficiently to hurt the cab. Adds Buzanika, "I think it's a crime withholding it. They're taking money out of the pockets of Canadian workers and putting it in the hands of American shareholders."

With few jobs left to cut, Teller's new tactical order expenses. Of the \$6.6 billion the company spends each year, 60 per cent goes for supplies and services. Teller put Bob Gallant, a non-union CN worker who has worked his way up the company ladder over 40 years, in charge of trimming the bill. During the past three years, Gallant's



Teller: 'I do realize we are disrupting lives'

team has cut \$200 million. Last year, Teller ordered him to chop another \$80 million in 2006. To tackle his assignment, Gallant adopted a "supply chain management" approach. His team analyzes the acquisition and flow of materials and services through the company to their final disposition. "We had to change the mindset of our people," declares Gallant. "Folks in

the purchasing department were traditionally measured by: How much are you paying for this item today versus what you paid yesterday?" If you paid more you were a hero, if you paid less you were a hero. In fact, you're sometimes far better off to pay more money, particularly if you got a product that lasted longer.

Gallant found that goods could be made to last longer if employees engaged in a simple practice: challenging the specifications of the products their department purchased. An example is a wheel axle that, Gallant says, "is really nothing more than a dumb piece of steel." Two years ago, CN instructed the manufacturer to increase the diameter of all axles by less than one-hundredth of an inch. The result: CN's trains wear out 40,000 pairs of wheels a year, and mechanics must shave metal off an axle each time a set is installed. After three replacements, an axle is too small to grip the wheel and has to be scrapped. Now, the axle can go through an extra cycle in the field—extending their lives by several months. That move alone has saved CN \$700,000 a year.

Other measures instituted by Gallant's team:

- By banning the use of color copying for documents that are meant for internal use, the company's annual \$600,000 bill for photocopying has been slashed by two-thirds.

- Hotel expenditures were reduced by \$30 a night in Montreal. In 2005, CN still lodged 6,000 hotel nights that city in three different establishments. In an exercise he has repeated in other cities, Gallant shifted all of that business to one hotel and traded it to the lowest bidder.

- The company's \$1.5 million (plus bill) for cellular phones has been cut by 30 per cent. Before, employees signed up with either CdnTel or Bell Mobility at their own discretion, and picked various benefits of phones. Gallant cut a better deal by tendering the business to a single equipment provider, Motorola, and a single service provider, Bell Mobility.

Finally, Gallant and other CN executives are faced with saying that customers are number 1, and that the goal of all the changes is to improve service. Still, some shippers in the farm products industry who were contacted by *Maclean's* said that the railway has run into problems. Vancouver-based Westwood of Canada Ltd. operates two pulp and saw timber mills and pays CN \$16 million a year to ship 10 per cent of its cargo. Westwood's pulp mill in Hinton, B.C., requires CN to deliver 15 empty railcars each day to handle the plant's production. Last week, there was none. But Bob Elder, Westwood's manager of transportation, blames the weather more than CN and notes Teller's management dilemma. "They're working very hard to increase their demand," declares Elder. "Our opinion is that the company has come a long way." Teller clearly wants to take it a lot farther. □

BUSINESS

Star-crossed psychic

JoJo Savard's fortune-telling phone empire faces a hazy future

At 7 This is JoJo
Welcome to JoJo's Psychic
Alliance. Remember—we are
here to help and guide you to find
peace, success and happiness.
Always. I love you and I kiss you.
Please stay on the line.

The recorded message on Jocelyne (JoJo) Savard's toll-free 800-number psychic hotline has been gone some time from place-to-place distress for the flamboyant Quebecer. As the caller waits, a recording finally announced: "You've just dialled a number that isn't in use." After waiting in frustration and wealth through a series of telephone numbers, Savard, unmistakable with her blond tresses and brightly colored dresses, now finds herself stuck in controversy and facing an uncertain future. The U.S. company that operates the English and French psychic phone service bearing Savard's name stopped paying its 2,000 parrot "psychics" in September and, last week, only a few dozen workers were still taking calls. It all spells a dismal start to the new year for Savard. "We never had controversy like this in my life," she told *Maclean's*, visibly upset. "I hate it."

Savard's troubles are not likely to go away soon. Integrated Communications Network Inc. of Miami, the marketer behind JoJo's Psychic Alliance, currently owes an estimated \$200,000, mostly to Canadian television stations for airtime but also to pay to the psychic by Christmas. David Greenberg, ICN's chief executive, did not return several calls last week from *Maclean's*.

Despite the fuss, Savard has not severed her ties with the Miami company. She remains under a multiyear contract with its subsidiary, Ormaizel Inc., to front its psychic phone service for a six-figure annual fee and a small royalty on each call. "Everything was so perfect for two-and-a-half years," says Savard. And here it is. "I've been fighting for the last two months to get the psychics' jobs," says Savard, fuming her glowing French-manicured fingernails. Savard, who de-



Savard is happier home. The never-ending controversy like this!

clines to reveal her own income from the 1,600 service, maintains that she has not been paid in months and that the market has been broken a promise to send payment to the psychic by Christmas. David Greenberg, ICN's chief executive, did not return several calls last week from *Maclean's*.

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clines for the six-month period ending on June 30, 1996—equivalent to 264 five-minute calls per day. "It was one of the few operations within ICN that continued to generate a profit," says JoJo. Presumably, a former production manager at Montreal TV station CFCF who ran the now-closed Montreal office of JoJo's Psychic Alliance.

Still, the service has drawn increasing fire. Madame Bernard, who spent two years working as a psychic, says that most callers asked her for lottery numbers—"I took them out! Campbell soup cans, actually"—or job information. "These people were grasping at straws," she says. Bernard also contends that she was instructed to keep people on the phone longer than her four-minute average. [A \$20 billing cap imposed by Canadian telephone companies effectively limits calls to 10 minutes.] Her former supervisor, Panchikoff, dismisses Bernard's complaints, saying that she was released from her contract because "she did not provide a good service to our customers." Bernard mentions that she quit.

Last fall, a freelance journalist wrote a story for the Quebec consumer magazine *Projet* magazine describing how he was lured as one of JoJo's psychics after a 10-minute telephone audition. The writer, Jean-Louis Durot, who is also a spokesperson for a nonprofit group called Quebec Skeptics, believes the fact that once Savard saw her psychics decrease the company's profitability as to flag. "I think that's the best proof they're not psychics," he says. Savard says she has issued the magazine

for a retractions and statements that Durot never actually took part as a psychic.

Savard insists that the problems dating her 1993 service will have no impact on her credibility. Certainly some of the people who worked as psychics do not hold her responsible for their making pyrotechnics. Mary Bédouet, who lives near Lac Beauport, has filed Greenberg repeatedly asking for \$1,444 she says she is owed, to no avail. "Savard has done all she could to get us our money," Bédouet said, adding that she is confident the operation will survive the controversy. "I think that one way or the other there is success assured for JoJo." It is a prediction Savard no doubt hopes is written in the stars.

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Ross Laver



Personal Business

Can Jobs save Apple?

Here's a quick quiz to kick off the new year: name the well-known computer visionary who said last year that the time had come for Apple Computer, developer of the Macintosh operating system, to throw in the towel in its long-pending battle against Microsoft Corp. and the ubiquitous Windows operating system.

No, it wasn't Microsoft chairman Bill Gates. The man who adamantly conceded victory to Microsoft was none other than longtime Apple CEO Steve Jobs, 41, who co-founded Apple in 1976 and went on to revolutionize computing with the introduction of the Macintosh in 1978.

"I gotta tell you, multiplatform compatibility isn't what I need to be," the man called Jobs said in the January 1996 issue of *Red Herring*, a San Francisco-based magazine that covers the computer industry. "Way down has way. I beat the Mac. And there is no changing that."

Flash forward to January 1997, and suddenly Jobs—who, it must be said, was never big on consistency—is singing a different tune. Why? Because on Dec. 30, Apple announced that it was shelling out \$550 million to acquire NeXT Software Inc., the computer Jobs set up after former Apple CEO John Sculley ousted him from the computer maker in 1986. Apple, not to put too fine a point on it, is in serious trouble. So it has forgiven Jobs his treachery—his autocratic nature and naive, undisciplined approach—and welcomed him back as a part-time adviser to chairman Gilbert Amelio. Ironically, Jobs's tactic will be to reinvigorate the Mac—which lacks some of the technical features in Windows 95 that make it easier for users to run several programs at once—in hopes of regaining a competitive advantage over Microsoft.

Will Jobs prove to be Apple's savior? Amelio promised to lay out the company's strategy at an industry trade show this week in California, but the immediate reaction among hardcore Mac users was euphoric. "I've been dreaming about an Apple-NeXT

alliance since I was 15," a twenty-something hacker wrote in an Internet posting shortly after the announcement. "Happo new year!" exclaimed another, a Mac devotee, a project manager at a Texas software company.

Sadly for Mac fans, Apple's recent history offers little reassurance. However much Amelio may try to portray the NeXT purchase as a triumph, the fact remains that it was born of desperation. Over the past five years, Apple spent an estimated \$600 million trying to develop its own next-generation operating system, code-named Copland. When technological problems sank that project last summer, the company was forced to go outside—a decision akin to the CDC opting to outsource its rapidly aging programs. Amelio's main eventually entered negotiations to purchase Be Inc., a promising young software firm launched by Apple's former head of research, Jean-Louis Gasse. But even though Apple presumably saw Be as the best option on the market, the talks broke down over the computer maker's refusal to pay more than \$125 million. (Strange, that. Haven't Apple traditionally priced its products higher than the competition on the grounds that it is worth paying for quality?)

NeXT, of course, was Apple's second choice. As for Jobs, he doesn't exactly seem thrilled by the challenge of reinvigorating the Macintosh. He has already made it clear that he will continue to devote much of his energies to running Pixar Inc., the computer-animation company that made the hit movie *Toy Story*, and has privately told associates that he is not sure he will be comfortable working alongside Apple's current management. On the other hand, the \$223 million in profit he will pocket from the NeXT sale will surely come in handy.

Does the computer world need a strong alternative to Windows? Absolutely. No industry that derives an income can afford to hand Microsoft a monopoly on operating systems. Can Apple continue to hold that role? Even with Jobs's return, it's looking mighty doubtful.

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AIRLINE STRIKE LOOMING

Pilots of Air Canada's four regional airlines threatened to walk off the job this week. More than 100 pilots at Air Nova, Air Ontario, AirBC and Air Alliance want their seniority lists merged with those of Air Canada to improve their chances of obtaining higher-paying jobs with the carrier.

NORTEL'S NEW FIRM

Northern Telecom Ltd. of Mississauga, Ont., has created a new subsidiary to focus on Internet security. The U.S.-based company, Entrust Technologies, will market NorTel's Brant software, which uses encryption and so-called digital signatures to safeguard on-line transactions.

CABBAGE PATCH CAUTION

Mattel Inc. pressed to put warning labels on its Cabbage Patch Kids dolls, blamed for choking the hair and fingers of at least 38 children. The label will say the toy's ball-powered mouth can be shut off by removing the doll's backcap. None of the injuries was serious.

UTILITY LOOKS SOUTH

Hydro Quebec applied to the U.S. Federal Energy Regulatory Commission to sell power through a subsidiary. In return, the utility agreed to open up its grid to U.S. producers, although only to supply U.S. customers. The commission rebuffed Hydro Quebec in 1995 because the province does not allow U.S. power producers to sell directly to Quebec companies.

THE OTHER BLACK EMPIRE

Black Press Ltd. of Victoria paid \$50 million to buy 33 publications in Western Canada from Equity International Holdings PLC of Britain. The deal includes 18 community papers and one daily, Alberta's Red Deer Advocate. In some markets, even David Black will compete with David Black, no relation, who controls Southern Inc. and Hollinger Inc.

UNION SUES DISNEY

The International Association of Machinists and Aerospace Workers filed suit against Walt Disney Co. The union says its reputation was damaged by the movie *Emmanuelle*, in which a character played by Mel Gibson gives a corrupt "redneck" union official. Disney declined comment.

Counting the casualties

The current drive to make automobile air bags safer for children could backfire by killing more adults. The U.S. government has conceded. According to the National Highway Traffic Safety Administration (NHTSA), its proposed new air-bag rules would save the lives of as many as 83 children a year, while contributing to the deaths of as many as 1,800 adults.

Consumers have become increasingly concerned about air-bag safety because of a string of recent deaths. The devices have been blamed for the deaths of at least 33 children and 28 adults in North America. The children, many in rear-facing infant car seats, were all riding in the front seat, contrary to warnings posted on window stickers. Most of the adult victims were not wearing seat belts.

The new rules are designed to reduce the rate at which air bags inflate. NHTSA researchers point out, however, that air bags that



Crash-test dummy in air-bag test; explosive force

inflate more slowly will provide less protection to adults who are not wearing seatbelts in severe crashes. Ricardo Martinez, the NHTSA's administrator, has said in the past he is "troubled by the trade-off" associated with slower air bags. But society has a "higher obligation to protect children than unbelted adults," said Chuck Hanley, a spokesman for the U.S. National Safety Council, a consumer safety group.

Foreign companies benefiting from property repatriated from them by Fidel Castro's Communist government.

A Canadian law enacted on Jan. 1 allows judges to issue "blocking orders" that prevent U.S. courts from collecting damages from Canadian companies that have Cuban operations. Canada has also vowed to challenge the Helms-Burton Act, which allows U.S. citizens, including Cuban-Americans, to sue

Helms-Burton reprieve

U.S. President Bill Clinton renewed a short-term suspension on legal action against foreign companies doing business in Cuba, but the gesture failed to appease Canada's trade minister. Air Canada's chief of operations is also further by repealing the controversial Helms-Burton Act, which allows U.S. citizens, including Cuban-Americans, to sue

FINANCIAL OUTLOOK

The Canadian dollar fell to 73 cents (U.S.), down 2 1/2 cents from its previous peak. Analysts warned the slide, as reports of a slowing economic growth in the United States—including an unexpectedly strong gain in manufacturing orders in December—and growing expectations that the U.S. Federal Reserve Board will raise interest rates early in the year to prevent an outbreak of inflation.

Short-term interest rates are already 2 1/2 points lower in Canada than in the United States, which discourages foreign investors from buying Canadian dollars and thus undercuts the currency's value. If the Canadian dollar drops further, the Bank of Canada could

feel obliged to raise domestic borrowing costs. "Recent developments suggest that Canadian inflation has bottomed out. The current slide in the Canadian dollar will boost export costs, while wage settlements are causing inflation and a stronger economy."

—Russell Burns



in the apparent pickup in U.S. economic activity is maintained through the early part of 1997, concerns about stronger inflation will quickly average, as well calls for higher interest rates and lower stock prices."

—Canada Trust



Peter C. Newman

Why Lucien hungers for his own limousine

For what seems like an eternity now, those Canadians who live under the harsh designation "Rest Of Canada" have been wondering what it is precisely that Quebec really wants. The resolution to that question—and whether French Canada's desired destiny can be accommodated inside the country's existing borders—will shape Canadian politics in 1997, as it has every year since Lord Durham wrote his pivotal report back in 1839.

But there may be some interesting differences this year. For one thing, the most serious issue finally be resolved for us may well be a struggle for power in Quebec.

The Parti Quebecois's genesis and ideology are supposed to be rooted in the notion that the only way to protect the French language is for the province to break away from Canada. In the process, it should, it will become increasingly clear that what's threatening the use of the French language in the province is not some dark plot hatched by the despised servers of the Meech Lake gag in Ottawa, or even René Lévesque, the outspoken Vancouver open-house radio host.

The threat to the universal use of French—not just in Quebec, but in France, and every other country—is the undeniable fact that English has become the international language of diplomacy, finance, commerce, science, higher education, and most important of all, computers. And that's before the full impact of the Internet, which operates largely in English, is felt on Quebec society. As computer use increases in cyberspace, being part of these transactions will be essential.

English is also the universal tongue of popular culture the world over. To young people everywhere, speaking English is the key to being cool. This is the generation that will take charge in the next millennium, and nothing can stop them from speaking the language of all of the singers and actors who shape their core values.

Not does the nationalist revolution in French Canada have much to do with the Québécois being outgated by its mainland Anglos, as the militants so often claim. No minority world history has been tested with less consideration and more generosity. One example for all but 12 of the past 48 years, the prime minister of Canada has been a Quebecer who placed the welfare of his home province at the top of his priority list.

Despite this and many other examples of Quebec's acceptance by federal officials, individual Quebec politicians have in the recent past been pushing back the frontiers of credibility, stuck on the idea that they are an oppressed minority. Just before the 2004 Quebec election, for instance, Bernard Landry, then deputy leader of the Parti Quebecois, told the Press magazine: *«Écrivez que*

Quebec was the Western world's last colony. "Our population," he lamented, "has endured a captivity comparable to the Cherokees' medieval captivity."

Now, M. Landry—who has risen twice to become Quebec's deputy premier and minister of finance, has come to the rescue again, finally defining what Quebec really wants.

It's limousine.

As a news conference last month, just after announcing that his premier would participate in this month's Tripartite Summit in San Francisco, he added a devastating footnote: Lucien Bouchard would not, even agree to travel in a limousine, like other provincial premiers accompanying the trade conference. The prime minister of Canada is in a limousine and the others in minivans; "the province's second-ranking politician declared," "would be harmful for the government of Quebec."

Now, there's an obvious head-slapper. How could we have been so silly, falling around with our constitutional anorexia, distinct society clauses, and all that complicated stuff? Why didn't all the Meechbushes and other well-meaning supporters of good old better extend just take up a collection and rent Lucien a stretch limo?

As we expected to sacrifice the geographical and political integrity of this beloved country so that, if and when Lucien Bouchard's brothers-in-law of a newly elected president Quebec, he can lounge in the back seat of a tag-size black Cadillac (the Fleur-de-lis proudly fluttering from its hood) as he is chauffeured to the United Nations? (There's presumably no address he'll bow beside while states who, possibly, will carry far colder as the patronage of the new Quebec attaches Canada for trying to humiliate his people by forcing him to sit in a minivan.)

Any revolution reduced to gratifying its symbolists is no revolution at all. If we keep our nerves and get some leadership from Ottawa, this might be the year we finally disarm, or at least cripple, the separatist. What we must stop doing is granting the separatist the legitimacy that Bouchard has sought by using such tactics as trying to achieve a balanced budget and now even agreeing to be part of a federal trade promotion crusade. Unfortunately, Chrétien has been playing into the separatist's hands by throwing in nearly every public appearance that Quebec will be allowed to organize if it votes in next September's Yes to an unambiguous referendum question.

This is not what the Canadian constitution states, may or may not be the Supreme Court's view of the subject, and it certainly isn't true.

Instead of letting Quebec to leave, let's give it good reasons to stay.

If we keep our nerves, this might be the year we finally disarm, or at least cripple, the independentistes

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Personal Finance

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Call it instinct, a mother's natural drive to provide for her young. Phyllis Dixon calls them guaranteed investment certificates, and she has staked her family's financial future on them ever since the birth of her eldest daughter, Barbara, in 1956. GICs helped the Winnipeg grandmother and her now deceased husband, Richard, put their three children through school and retire comfortably. Now Dixon is saving for her grandchildren's education. Although the loss dented in the stock market, losing money on stocks such as IBM, the Toronto-based real estate empire that began to unravel in the early 1990s, convinced her that the market is no place for risk-averse investors. "The always killed the security of GICs," says Dixon, 75. "I would never trust the stock market because I need the income."

These days, investors like Dixon are watching as inflation eats their earnings from interest-bearing assets that rapidly erode. The downward spiral in lending rates during 1996 may have been welcome news for borrowers, but it also created a whole new class of so-called GIC refugees, people who are now tempted to flee fixed-income investments in hopes of earning better returns from stocks and equity mutual funds.

Others still prefer the greater security offered by fixed-income investments—either because they are older or because they are uneasy about the market. If the goal is to maximize earnings while avoiding volatility there are other options, including some variations on the old theme.

GICs: Some financial institutions offer term investments with rates based on the performance of an stock market. Provided the market does well, the rates on stock-linked GICs are higher than for conventional GICs—a maximum of 30 per cent over two years for the Bank of Nova Scotia's Stock-Linked GIC. The rate, however, could be as low as zero if the market does poorly, cautions Ron Gosselin, a financial consultant with Wilshire Mercant Ltd. in Edmonton.

Bonds: Unlike GICs, bonds are not eligible for coverage by the Canada Deposit Insurance Corp. They do, however, offer a guaranteed rate of return if held to maturity. For example, a five-year government of Canada bond currently pays 5 1/2 per cent, compared with five per cent for a five-year GIC. Bonds can only be purchased

through a stock broker or a licensed financial planner. They can be sold before their maturity date, but the value will fluctuate as interest rates drop, the value of the bond increases, and vice versa. Bonds are sold with terms to maturity of between six months and 30 years, with interest usually paid every six months. As with GICs, Graham recommends "laddering" bonds—spreading the maturity dates in order to reduce risk and even out the investor's overall rate of return. For maximum security, Graham recommends choosing government bonds or those insured by large, blue-chip companies.

Strip coupons (or strip bonds): Investors in strip coupons are in effect buying the interest coupons from bonds. Coupons—which at first time were physically attached to bonds but have since become a separate class of investment—are promises to pay a fixed amount of interest on a future date. They pay a slightly higher rate of interest than bonds. To shield them from the tax collector, strip coupons are held inside a registered retirement savings plan or registered retirement income fund, says Brian Davis, a partner with Aurum Financial Group in Winnipeg. Strip coupons are available for terms up to 65 years and must be purchased through a broker.

Mortgage-backed securities: The offer investors an opportunity to purchase a share in a large pool of residential mortgages. The investment is generally secure because the mortgages themselves are insured under the National Housing Act. Each month, investors receive an interest payment plus their share of the principal—which represents a portion of the original capital and should be repaid. The return is usually higher than that for bonds and strip coupons, and only the interest portion of the payment is taxed. Mortgage-backed securities are available in units of \$5,000 and for terms of between one and 30 years, through brokers and some banks and trust companies.

Mortgage funds or bond funds: These are mutual funds made up of mortgages or bonds and overseen by a portfolio manager. Unlike bonds or mortgage-backed securities, funds do not offer a guaranteed return on a specific date. The value of the investment will fluctuate, and in a worst-case scenario, some of the principal might be lost. Fund investors are also charged an annual management fee of 1.5 to 2 per cent, which lowers their return.

For security-conscious investors, the important thing to remember is that there is more to choose from than just conventional GICs—and the alternatives usually offer higher rates of return.

JOHN SCHOFIELD



Dixon: "I would never trust the market because I need the income."

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PERSONAL FINANCE

The high cost of cheap money

While the recent reductions in interest rates be enough to revive consumer spending? Many analysts believe they will, but John Lester, an economist with CIBC World Wealth Securities Inc., is not among them. The problem, Lester says, is that Canadian households are, on average, not lenders rather than borrowers—did it, their combined savings exceed the total value of mortgages and other debts. As a result, Lester writes in a recent report, the Bank of Canada's moves to ratchet down interest rates have slashed consumers' net interest income and dampened spending. Since 1985, the decline in rates has reduced interest income by \$3.5 billion. The figure could hit \$7.5 billion in 1997 if interest rates remain at current levels. Normally, Lester says, such a decline

would be offset by increased spending on the part of governments and businesses, which benefit from low interest rates because they are net borrowers. But that is not happening now because governments and many companies are taking advantage of lower rates to improve their balance sheets. Lester also questions whether rates really have fallen enough to influence consumer spending. In Japan, the prime rate stood at three per cent for a year and a half in 1994 and 1995, but shoppers stayed at home. Consumer spending only began to pick up when the prime rate fell to 1.6 per cent early last year. And in Canada, retail sales remained sluggish throughout 1996 despite a prime rate of two per cent. In Canada, Lester says, the biggest obsta-

LOW-RATE LETDOWN

Estimated decline in net household interest income if interest rates remain at current levels



SOURCE: JOHN LESTER, CIBC

cle to increased spending are high unemployment and slow economic growth. Lower rates by themselves, he concludes, will not spark a significant increase in consumer spending in 1997.

RRSP shortfalls

Most Canadians will not have enough room to meet their retirement goals unless they start to invest for more each year in their registered retirement savings plans, according to a survey commissioned by the Bank of Nova Scotia. Total contributions to RRSPs in 1995 reached a record \$240 billion at the end of 1995, but 57 per cent of the savers questioned by Goldfarb Consultants of Toronto have put aside less than \$50,000 to date. An individual with no other source of income would need to have saved \$703,341 in order to retire at age 58 with an annual income from annuities of \$48,000—which, according to the survey, is what the average Canadian says is his or her goal.

Only 37 per cent said they planned to put aside as much as they are entitled to contribute before the July 1 deadline for 1996 tax returns. That compares with 53 per cent of savers surveyed in 1992. Moreover, only 58 per cent of the respondents currently have money in RRSPs. "The biggest reason why people are not contributing is that they don't have the money," said Ron Lazarus, ScotiaBank's vice-president of retail deposits and services. Most, it appears, are loath to turn to a bank to get it. Only 22 per cent said they had ever taken out an RRSP loan, and 82 per cent of those savers who had never borrowed said they probably never will. A surprisingly high 80 per cent knew that Revenue Canada allows taxpayers to carry forward an unused contribution room, but only about half of those people were aware of how much unused room they had.



FORECAST **ON LINE SHOPPING** By the turn of the century, the percentage of North American retail sales made over the Internet will rise to 25 per cent from almost nothing today, predicts A. T. Kearney Inc., a U.S. consulting firm. At least one Canadian researcher, however, believes that people in this country will be much slower than Americans to accept on-line shopping. Maurice Allanson of Toronto's J.C. Williams Group says Canadians have been slower to accept "remote shopping" than consumers in the United States, where catalogue buying is more popular. She estimates that the Internet will account for less than one per cent of Canadian retail sales—or roughly \$300 million—by the year 2000.

Money Talks

The long haul

A combination of low interest rates and low inflation is encouraging home buyers to lock into long-term mortgages, says Ali Maroucheh, a senior economist with Canada Mortgage and Housing Corp. in Ottawa. During the first 10 months of 1996, the average term for mortgages insured under the National Housing Act increased from 3.9 years to 4.25 years. "People are opting for more security," says Maroucheh. In 1996, 63 per cent of home buyers who took out mortgages insured under the National Housing Act chose five-year terms, the highest since 1992, when 71 per cent chose that option.

Back to basics

Canadian teens are poorly schooled in financial planning, say the authors of *First Class*, The Original Financial Guide for High School Students. At least one Ontario high school is taking the criticism to heart. Starting this year, West Humber Collegiate in suburban Toronto will use the 210-page book in five of its business studies classes. Written by Larry Marks, Publisher, an investment adviser with Scotia-McLeod Inc., an IBC counsellor, and Dan Kennedy, a Toronto-based financial writer, *First Class* tells the story of a fictional group of students who participate in a real money-management course. The topics covered include preparing a budget, mutual funds, mortgages and the stock market.



Avoiding taxes

An increasing number of Canadians earning \$250,000 or more a year are not paying personal income tax, Revenue Canada says. In 1994, the most recent year for which figures are available, 290 of the country's best-paid citizens took advantage of tax credits and other measures to avoid contributing to government coffers, compared with 250 people in 1993. Of the 20 wealthiest people in the United States last year, 14 declared individual tax returns in 1994, up from 10 declared income in excess of \$250,000.



Raising the Arrow

A TV mini-series conjures up a stratospheric dream

BY BRIAN D. JOHNSON

It is the original outback story: A prototype for downsizing the National Dream, Canada's Arrow, the most advanced jet fighter of its day, was a Piffler dream, a warplane forged from the giddy paranoia of the Cold War. It was a time when anything seemed possible, when Canadians briefly dared to believe that they could create their own high technology, their own defence policy—aid an all-Canadian fighter jet that would be faster, higher and stronger than any in the world. The dream came crashing down in 1983, when Prime Minister John Diefenbaker's newly elected, cent-righting Tory government scrapped the \$400-million Arrow program, deciding instead to buy a \$200-million brace of Mustang missiles from the Americans, missiles that would turn out to be pointless.

The decision to kill the Arrow—and to demolish every last Arrow—remains a subject of bitter controversy to this day. There is a dedicated cult among those known as "Arrowheads" who continue to recollect the memory of the plane. And there are still those who actively campaign to discredit it, arguing that it was a lie from the start. But while the aircraft's reputation remains in dispute, the saga of the Arrow—the subject of at least eight books, stage plays and now one of the most ambitious mini-series ever made for the CBC—has soared into the stratosphere of myth and legend.

The passion behind the story was strong enough to lure Ottawaborn actor Dale Aykroyd from Hollywood to star in his first Canadian production since the early 1970s stage hit *The Arsonist*. The Arrow—as he broadcast on the CBC on Jan. 12 and 13 at 8 p.m.—also marks the first time in two decades that Aykroyd has consented to appear in a TV drama. "I responded to it as a great Canadian story about what this country can accomplish," says the actor, who plays Crawford Gordon, the alcohol-challenged president of A. V. Roe Canada Ltd., whose Arrow Aircraft division created the Arrow. "There is no reason we can't have as strong an industry as anywhere in the world." Aykroyd leads an impressive cast that includes Ben Bishara, Ron White and Christopher Plummer. But the real star of the four-hour mini-series is the plane itself.

Three hundred extras are gathered on the tarmac at Winnipeg International Airport, the men in flight suits and helmets, the women in narrow skirts and seamed stockings. A human hand stands at the ready. And a soft Prairie wind whips up at an equinox of blue and gold curtains draped across the mouth of an aircraft hangar. There are cameras everywhere. A group of news cameras is mounted on the roof of a nearby CBC van. A small CBC camera hangs low for *The National*. A documentary crew is filming the filming. There, there are the movie cameras of the production itself.

The event being re-created was originally staged as a publicity stunt on Oct. 4, 1957—the roll-out of the first Arrow. Canada's great white hope to shoot down Soviet bombers during the Cold War. (Ironically, the news was blown off the front pages by the Soviet launch of the Sputnik satellite in the same day.) The re-staging of the roll-out on a half day later, but by now well turned into a publicity stunt, a photo opportunity for media red and blue, as the film-makers prepare to unveil their full-scale replica of the failed Arrow.

An assistant director barks instructions over a PA system: "Hold your applause to the east," he asks the crowd. "Then step over the ropes and swarms around the plane when it comes to a stop. Quick please... Roll cameras... Action!" The band plays. The curtains open. And the aircraft rolls out of the hangar, its enormous delta wings gleaming white in the summer sun. It looks convincing enough to fly.

As the extras swarm on cue, Eloy Yost, the portly, somewhat host of TV Ontario's *Saturday Night at the Movies*, sits in the sidelines, watching in disbelief. Tears fill his eyes. Thirty-nine years ago at Toronto's old Malton Airport, Yost watched the real Arrow take off on an first test flight. He was then a supervised employee with A. V. Roe. And a year later, when the plane was scrapped, it was his job to conduct "on-site interviews" with some of the 14,500 A. V. Roe employees who were fired. Yost was also on hand when the 11 existing Arrows—some incomplete, but at least five already test-flown—were destroyed, cut to pieces under the strict orders of Ottawa's Conservative government. "I will always remember the smell of the airplane fuelburn in the big hangars," he recalls, his nose choking. "The smell will live with me for the rest of my days. Seeing those beautiful planes being demolished—I'll never forgive them for that."

Aykroyd, interviewed in his trailer, expresses similar feelings. "Even now why the program was cancelled," he says. "Mindless were coming in. There was pressure

▲ Kyriakos, White (right) the making of the drama dragged on for seven years—longer than *Arco* spent on the plane itself



▲ The actual *Arco*, *Delebarre* did a complete redo to its design



from the United States not to have an aerospace program in Canada. I can't blame old David [Dit] for that, but where I do blame him is in the snide and vindictive way the planes were destroyed. That one or two weren't saved is the real black horse of the story."

The decision to kill the Arrow has become a watershed in modern Canadian history. Just as the assassination of President John F. Kennedy served as a turning point for America—a fall from grace—the death of the Arrow, while far less traumatic, marks a symbolic end of innocence for Canadian nationhood. And like the Kennedy assassination, the event is shrouded in suspicion at conspiracy and cover-up. Not only were the planes dismantled, but Ottawa mysteriously ordered all models, blueprints and design specifications of the Arrow destroyed. Some say Delebarre wanted to bury any evidence of the plane's merits to avoid future embarrassment. Others say it was for security reasons. There has even been published speculation that the CIA, nervous about the prospect of a foreign aircraft outperforming its top-secret U2 spy plane, had a hand in terminating the Arrow and made sure that every last trace of it was erased.

Whatever the motives, by giving up the Arrow, Canada forfeited a leading role in the aerospace industry and suffered a dramatic brain drain. The chief engineer in charge of the Arrow, James Flood, went to Britain to help develop the important Concorde program. His colleague Jim Chamberlain, along with 25 of his Arrow colleagues, left the country to join the engineering backbone of the National Aeronautics and Space Administration's Gemini and Apollo space programs. Chamberlain, in fact, helped design the space shuttle. According to the 1996 book *Apollo: The Race to the Moon* by Charles Murray and Catherine Bly-DeGuz, by scripting the Arrow "The Canadian government unconsciously chose the American space program as looks at break water [German scientist Wernher von Braun surrendered to the Americans].

But even if the Arrow had survived, it would debate whether Cana-

able—the largest R and D development ever made by the government, was wiped out overnight without attempt to salvage any part of it."

For Arrow veterans, the Arrow remains a rich with regret and nostalgia. Paul Stephens, one of three prime co-producers of the program, recalls going to recruit at Arrow employees. "You sit there in a hotel room full of white-haired men and babies in their strollers," he says. "These are people who went on to lead a nation in the moon, but they are working on the Arrow was the best time of their lives. There was this up of enthusiasm and creativity at Arrow that they never felt again. You could just tell it was like the Apple Corp. of the 1950s."

Now that government cockroaches are all the rage, the story of financing the Arrow has a painful resonance, especially for the film-makers. It's, after all, a drama about public spending, set at a time when Ottawa was just beginning its glacial risk deficit financing. And the \$7.5-billion investment they will be the last project of its scale to be commissioned by a public broadcaster—that just makes the Arrow—being chopped on the grounds that it's obsolete and unaffordable. "The parallel with the CBC are absolutely stunning," says Stephens. "If we had a political agenda for starting its film in the first place, that was part of it. We have to tell our own stories and the CBC is the only place we can tell them." Co-producer Mike Young, *Arco* co-writer. "To us," he says, "the whole theme of this is that we have to protect our dreamers and our resources."

From the first script proposal to its completion, making *The Arrow* was a struggle that dragged on for seven years—longer than *Arco* spent actually designing and manufacturing the plane. Screenwriter Neil Ross-Lockie (Mike's husband) began working on the script in 1989, six years after his CBC drama *White the Spirit* won the Gemini Award for best television movie. "The morning after we won," recalls Mike Lockie, "the CBC's first bugle call went unsounded. It was devastating." Originally, Keith Lockie wrote *The Arrow* as a TV movie, then as a feature film. Unable to get financing, the producers repackaged it as mini-series. Even then, they were problems. "It was very dramatic

because there were no airplanes left," says Mary Loeck. "We had to find a way to make the Arrow fly, which meant using special-effects make-control models and computer-generated graphics. That's all very well and good if you're doing *Top Gun*, which the whole world wants to see." But because the subject was so specifically Canadian, the producers were unable to sell rights to an American broadcaster. They had to find all their financing in Canada, relying mostly on the CBC, government funding agencies and the distributor.

With *Arco*'s stars guarding market value, the producers put another budget. But last January, just months before filming, they themselves became victims of cutbacks. Ottawa Premier Mike Harcourt's government threw funding to the Ontario Film Development Corp., one of the key investors. Scrambling to find an alternative, the producers got financing from the QFC's counterpart in Montreal, but that meant moving the location from Toronto to Winnipeg. They had planned to shoot at Toronto's multi-faceted Denison Park Power Base, which has sound stages of just the right vintage. But instead, at much greater expense, they had to close down part of a working airport in Winnipeg.

"Everyone's cursing Mike Harcourt," muttered Arrow director Don McElreath before filming the rollout scene. "Downsaw was sitting there, trying to find buildings that are appropriate." For Mary Loeck, leaving the Toronto location was crucial. "It's an Ontario story," says the *Arco* producer. "But it's an Ontario girl. It was a really big issue with them. Without a scene in Toronto, they wouldn't know the story of the Arrow because they've had some family member or friend affected by it."

On the set in Winnipeg, the troubles continued. Originally pegged at \$7.1 million, the projected budget had gone almost \$1 million over even before filming began. The producers (who share the production) quickly moved it, intending to take over the filming. Under the gun, the producers shaved costs, cutting some scenes and scaling down others. They also raised additional funds, expanding the budget to \$7.8 million.

That sounds like a lot, but it is just a fraction of what Hollywood spends on movies requiring special effects. "We don't have enough money to make this film," said an exhausted-looking McElreath during break in filming last summer. "It's a movie about things clients that last fly. The time and technology was more than they [the producers] all played on." Then he added, "It's all just a metaphor for the *Arco*—they tried to achieve something well beyond their means."

But there was at least one happy break. Several months before the last, for film-makers were desperately widening their credit and to build a full scale model of the Arrow. Then, through an Arrow deal with one of the Internet, they stumbled across a hobbyist who was

simply doing just that—Alan Jackson, a sales estimator for a steel and machine manufacturer in Wisconsin. At his outside of Edmonton, Jackson had spent six years building an Arrow replica from scratch in his garage and backyard. The film makers leased the unfinished model from him, finished it in Winnipeg, then returned it to him after the filming. There were some problems. The model's framework of pipe metal and wood made it so heavy that the wings sagged, but they were strengthened as post production with digital effects. Otherwise, the model was a breathtaking likeness, combining form and function.

As a teenager, Jackson grew up his dream of studying aeronautics at the Arrow was cancelled. Then in 1990, a book about the plane inspired him to begin building his model. With a magnifying glass and a slide rule, Jackson, now 30, worked to reproduce the aircraft from small photographs, planning to finish it by the year 2000. After devising some 3,000 hours of work, he had "mixed emotions" about handing it over to the film makers, he says. "But I felt there would be more curious people who could see it in the movie, in 1997, than in the year 2000."

The passion surrounding the Arrow, and the mysterious circumstances of its death, make it hard to separate fact from myth. That screenwriter Keith Lockie, who based his script on Greg Stewart's 1986 book *Shooting Down the National Dream*, tapped into new evidence that has emerged in the past few years. For his 1992 book *Shadows of Conspiracy*, department of national defence official Valmore Coughlin used these documents pointing to a web of intrigue involving the U.S. military and the CIA. As the government suspected the Arrow on the grounds that manned aircraft were obsolete, it suppressed reports in the country from the American military. And two years later, Ottawa quietly purchased 14 used Noorduyn lighters from the United States for \$250 million—planes barely capable of breaking the sound barrier.

Lockie says he became convinced that the Arrow was the target of a top-level major campaign for former Conservative minister George Thompson, now deceased, told him that a "secret" report was presented in cabinet stating that the Arrow could fly by only 25,000 lbs and had no propellers. The more they Lockie spoke to former test pilot Peter Cope "He himself had flown it to 30,000," says Lockie. "And he said, 'Well, the Arrow would have flown to 75,000 with the new engines.'"

Much of the debate over the Arrow's capabilities revolves around the high-powered Ingersoll engine, which was being built especially for the plane in Canada. Even with inferior U.S. engines, at least one test pilot took the Arrow to Mach 1.85 (nearly twice the speed of sound). As Ingersoll engine was fired into one Arrow, but Delebarre scrapped the program as much earlier than expected—before Arrow had a chance to do test flights with the Ingersoll. *Journalist Jane Calwood*, however,

seems to this day that she heard the roar of an engine-powered Arrow thunder over her house after all the planes had already disappeared (page 39).

The legend of the "phantom" Arrow—a plane that somehow escaped destruction and is still hidden away somewhere—provides a fictional ending for the mini-series. "If the film had ended just with the cutting up of the planes," says Stephens, "it would have been over whelmingly sad for the viewers." Screenwriter Lasker has taken a number of other liberties during the shadowy conspiracy in the drama. He has U.S. President Dwight Eisenhower detaining policy in Deinfelsheim on a fishing trip, when there was no record of what was said between the two leaders or if they went fishing.

But a transparent scene between Deinfelsheim and Gordon in the prime minister's office is based on direct quotations from reporter news-dropping outside the door: "You can't shut down the third largest employer in Canada!" yells the secretary, but instead Gordon "if you don't stop shouting and pounding my desk," replies Deinfelsheim, "I'll call security and have you thrown out." Lasker stresses that "the important stuff is accurate, but I took some license so it would be emotionally involving." What was doing is building a legend.

Just as Oliver Stone became a target for taking poetic license in the movie JFK, Lasker can expect some heavy hits for reanimating the Arrow inside Lakeshore, one of the country's most noted Arrow builders. "It is a myth that the construction of the Arrow was a disaster for Canada."

The scientist, who ran the National Research Council's high-speed aerodynamics laboratory during the 1950s, maintains that the cost of the project had spiraled out of control, and the country was simply too small to sustain it—"It was not financially viable because there was no market for it." Another critic, Philip Penick, analyzed the Arrow's design for the NRC during the 1950s. He argues that Arrow's performance claims were wrong, "not by 10 per cent, but by 100 per cent—the numbers just didn't add up."

A slow launch for the white ghost

THE ARROW
(CBC, Jan. 12 and 13, 8 p.m.)

Viewers tuning into the first installment of this two-part, four-hour miniseries may lose heart. It takes some time for *The Arrow* to get off the ground and achieve cruising altitude. Most of the opening two-hour episode is devoted to the planning and design of Canada's fabled super-spy jet fighter. Only towards the end of the first episode do we see the completed Arrow in all its glory—the low object to what amounts to a romantic tragedy about the rise and fall of a flying machine. In the second installment, however, the plane gets airborne and the pace picks up. There are magnificent flying sequences. And, as called at publicists' pleas to kill the Arrow, the drama finally powers.

The last hour is extremely powerful, brutalist first moment better known as cliffhanger with a slow burn.

COVER

But former Arrow engineer James Floyd, now retired in Toronto at 82, calls those allegations "absolute rubbish." He says that NRC officials have been negligent in a "valuable" campaign against the Arrow ever since production, likely that the plane would never achieve supersonic speed. "Once [that goal] was discarded, it was at supersonic speed, they must have felt pretty safe," adds Floyd. "I've spent so many years looking these bloody people from NRC. I'm sick to my stomach just talking about it."

Floyd has been engaged in a ongoing feud with historian Michael Bliss, who claims that Arrow's reputation has been inflated. "A lot of the former Arrow engineers defending their baby like a life have been quite successful in exploiting a naive nationalistic media to Canada," says Bliss. "The myth is, if only the government had stayed with the Arrow, it was on the high-tech frontier. The myth has functioned in the interests of the people who feel technology should have a first claim on the public purse."

Whether the historians like it or not, the Arrow has overflowed the debate to become a durable icon. In fact, a Kingston jeweller, Ron Snyder, has created a line of Arrow pins and pens that in other art gold. He calls the Arrow's image "a badge of resistance that reminds us of when we can achieve while standing against short-sighted bureaucrats and politicians."

In the same spirit, Mary Lasker says the producers did not want to make "a lesson for a nation. We wanted to say, 'We did it. For one beautiful moment in history, we were the best in the world, or came so close.' And that kind of flashes, it is easy to forget that the best in question this nostalgic image of Canadian engineering was a weapon. A weapon. It still is, but as the cynics know, people don't know heights, the Arrow is now engaged in a different kind of defence—one that requires more attitude than altitude."

With JONATHAN BARNES in Toronto

George Hearn. But casting actors as heroes can be tricky, especially when the events become so slight. Michael's Arrow makes a winning impression in journalist John Gilwood. But Robert Bailey is merely unconvincing in the key role of John Deinfelsheim.

Kurt Lasker's script, meanwhile, seems torn between a duty to entertain and a mission to inspire. He makes some fascinating choices. The second tension between his romantic leads, Bradford and White, is never pushed beyond adoration. The one touching scene, involving Gordon and his mother, is a strangely clichéd and beside the point. Under Don McBren's pale, cautious direction, the narrative also lacks urgency. But Ron Onda's cinematography has a deliciously rich look—essential considering that he is shooting a sequence in a dust of beauty. And while documentary clips help convey a sense of history, they do nothing to make the story as fast-paced as the real one. The beauty of the Arrow itself—the white ghost of the national dream—casts a shadowing spell.

B.A.

EASY RIDER



BY BRIAN D. JOHNSON

It is July 4, 1986. On the sun-baked terrace of Westing International Airport, Dan Aykroyd holds a small, battery-powered toy up to his face, trying to keep the sweet from dissolving his makeup. Dressed in a dark soft jacket and sunglasses, he looks strangely familiar. In fact, he could be a well-known version of Edward Blake, his hairless-looking alter ego from *The Blues Brothers*. But he also bears a convincing resemblance to Crawford Greenham, the effusive president of the company that built Canada's Arrow jet fighter during the late 1950s. Aykroyd seems very much at home in the Filinvest. There is something distinctively retro about his manner. It is suggested in his straight-as-an-arrow, boyish enthusiasm for the specifics of the machine age—brevity cars, jet planes and motorcycles—and in his nostalgic love for an uncomplicated Canada.



Gordon, and Aykroyd playing him relaxing off the job (left) loyal to his roots

Dan Aykroyd comes home to reignite the Arrow legend

Aykroyd was born in the nation's capital on July 1, 1952, when it was still known as Dominion City. And, despite his status as a Hollywood star, he remains undeniably loyal to his roots. He lives on both sides of the border, splitting his time between homes in Los Angeles and Kingston, Ont. He has also remained loyal to the staff of his old friend, Ron Onda, a basement hobbyist who has grown up and made the world his own room.

As a comedian, actor, writer, Greenham's, Brian Barber, radio deejay, nightclub performer, UFO aficionado—and even an Oscar-nominated character actor (*Dwight D. Drip*)—Aykroyd has constructed the most eclectic career of any Canadian movie star. And now, with *The Arrow*, it takes yet another twist. The CBC miniseries is the first Canadian production that Aykroyd has worked on in 22 years—since the 1964 comedy *Love at First Sight*, which preceded his breakthrough on *Saturday Night Live*. He is also appearing in a television drama for the first time, against the advice of his Hollywood agent. "And I don't intend to do it again until I'm 60," he told *Maxim's*. "I have a feature film career as a character actor, and I don't want to compromise that."

Unable to get past his agent, Arrow co-producer Mary Young Lasker said to Aykroyd by sending a letter to him through a mutual friend. And with his name attached to it, the miniseries became much more attractive to investors. But the film's director, Don McBren, says that he was initially worried that the actor might not be up to the job. "Frankly, I was quite nervous," he told *Maxim's* during the shoot. "This conflict has obviously worked really well. But I had to live with anything apart from *Dwight D. Drip*."

where Dan was playing a dramatic character that was tragic and believable." Added the director: "Claydon Gordon was not a particularly nice man. He's a very tough character. But Dan pulls it off. There's a darkness, a remoteness and bitterness, just in the way he's doing a great job."

And, despite his celebrity status, Aykroyd brought no Hollywood attitude to the set, according to his costars. "He's conducted himself just magnificently on the set from top to bottom," said Ron White, who plays lost pilot Jack Woodman. "I've never met a man more generous with his time."

During a lunch break on location in Winnipeg, Aykroyd reflected on his career during a wide-ranging interview in his trailer. He talked about his hopes to cast John Goodman on a Blues Brother and Jan Carney as a Ghoulabier. He laughed about receiving an award from the California Festival Directors Association for "most sympathetic portrayal of a funeral director after starring in *My God* (1993). With a perfectly straight face, he told a story of an alien probe landing in Vietnam and "shoot[ing] [the] size of chow dogs." And he talks about *Claydon Gordon*.

Gordon was a high-flying alcoholic who betrayed his wife for his secretary. His fortunes took the same James-like trajectory as the plane he chartered. And his life was a shambles by the time he *Arrow*-wise scrambled in 1970. Gordon died just eight years later, at 53, from cirrhosis of the liver. Aykroyd was able to get first-hand knowledge of the man from his mother, Lorraine Aykroyd, who worked as an executive secretary to C.D. Howe, the Liberal minister who put Gordon in charge of ammunition. "She said he was a take-charge, gung-ho, pretty blasey," recalls the actor. "He had that cock-of-the-walk attitude. Definitely a man's man, an administrator of cars and machines. He liked his planned cigarettes, his drink. And he had a weakness for women's legs."

As well as playing Gordon, Aykroyd immersed himself in the *Archie*'s history and served as consultant on the film. He has been an aviation buff ever since the summer of 1965, when he visited California's Mojave Air Show with *The Beach Boys*. "We saw B-57s, many around pylons, and got a ride in a B-57 bomber," he recalls. "I began to read all about planes. I've flown a DC-10 simulator. They let me take the stick on a F-18 trainer. And I've taken the yoke on a couple of trainers."

There is a knock on the trailer door. "Wally Muff, a crazy friend [Kington] who serves as Aykroyd's assistant and background, steps in and hands him a plate stacked with greasy meat and pale vegetables."

"What's this piece of shite [meat]?" asks Aykroyd, eyeing the meat as if it should come with a lab report.

"It's dead... beef," says Wally. Aykroyd shrugs. Life on the set of

a CBC miniseries is a step down from the luxurious trappings of movie-making in Hollywood. But he is not complaining. "There are a few compromises that we're willing to live with," he says. "They're doing the best they can with the money they've got." In fact, Aykroyd has gone out of his way to help. "I waived my standard per diem, and out of my line my back," he notes, explaining that he is working for about one-third of his usual seven-figure rate. Sure, he had a bigger trailer than anyone else in the cast. But he paid for it out of his own pocket, along with his two rented Fordes.

"I stay in on location," says the actor. "You've got to have a car to drive around at night to dinner parties. You've got to have an assistant. You've got to have top-of-the-line accommodation." He also got a good rental deal on two Harley Davidson bikes from a local dealer in exchange for some free promotion. "We're really having a fun with the bikes," he says, "riding around town hitting the blue line."

Jamming with local bands and making himself highly visible during the shoot Aykroyd was the biggest thing to hit Winnipeg since... well, since Keane Reeves hung out in the three weeks performing *Hallelujah* in the winter of '95. "When you're on location away from the family, it's important to get out and have some fun and not sit there and be lonely," Aykroyd explains.

Before his plans to have his wife and two children join him in Winnipeg (it's through, he had asked for "a house on the shore with a swimming pool, a playground and five or six beds rooms"). His assistant purchased a local Lincoln silver, Melanie Wilson, to move out of her luxury home and make it available. "He convinced her that it would be good for the *Arrow*, for Canada, for the Aykroyd state of mind, if I lived in her house," says the actor. "But in and behold, she's become a friend." He turns to his assistant. "When we leave Melanie's house," he says, "I'd like to stick her index with champagne and white wine."

At home with his family, he tends to live a much quieter life than on location. There are exceptions, such as when he entertained Keith Richards and several of *The Rolling Stones* in Kington for a weekend in 1994. "But usually it's, like, read to the

Aykroyd is Ghoulabier; as a Blues Brother with Goodman (left) and Jan Fendley (right) Aykroyd exultates



With *Blues*, despite its status in Hollywood, the miniseries slavishly lived in its roots, maintaining a house in Kington, Wis.

radio and in bed at 9 PM," he says. Aykroyd, now 44, and his wife, actress Donna Dixon, 39, have two girls, ages 9 and 2. "We got married late. And for a while I didn't think I'd want kids," he admits, explaining that after the 1982 death of his brother-in-law John Belushi. "I didn't want to get attached. I didn't even want a dog for a few years. I didn't want to feel love for any entity other than my wife. Well, I got it. We purchased on the dog. Now, of course, you have an accident or a beautiful thing. When a family tells me God has his will that he doesn't let you see through until you have them, then it's opened up."

Aykroyd's wife has retired from acting to be a full-time mother. She's very happily given it up," he says. "The one who wants to see her work." Asked if they really need the extra money, he says, "A double income, man? Crazy! It's cash flow. It flows in and it flows out. Over the years, says Aykroyd, he has watched some of it go down the drain in "several businesses," including a waste-water-holding scheme in the 1980s. "I had a piece of a breakfast product. It was a plastic overpack for all the metal drums in the world that are run through with toxic chemicals. We were this close to getting no clear regulatory approval in the States, and then the company went

bankrupt." Adds Aykroyd: "I'm not a good businessman investment-wise. I promise for my family and don't have to worry too much, but by the time I'm that old I'll be gone."

He is seriously into craft. Aykroyd and his family own a house in the Hollywood Hills that once belonged to Ringo Starr and before that to Cass Elliot of *The Mamas and the Papas*. "It was where they wrote *California Dreamin'*," says the actor, who moved in with Dixon after their marriage in 1980. Aykroyd, meanwhile, tries to spend some time in Kington, a sleepy little house that he converted on a farmstead built by his family in 1880. "We built the house around the fireplace," he says. "I took four stories that were cut for the Kington freshwater Park grounds. I brought them home with a crane."

The house is furnished on the same *Gilts* base scale. "That's Donna," says Aykroyd. "My conception of furniture is a color TV and a coffee table for the albums and a Northern Electric cable spool for the coffee table. But we own the *Gilts* of *Gilts* overboard. We've got overstuffed chairs, and big old acrylic candles from cathedrals that we've burned into lamps, and a huge couch that looks like two front seats of a '69 Lincoln put together."

Despite his banished modesty, Aykroyd has decided that he will never claim his Canadian identity by taking out dual citizenship. "The stereotypical banner brings a tear to my eye," he says. "I love the American flag. I love the American people. I have an American wife. But ultimately if I come down to a cross-border conflict, you'd find me at the White House operating a word processor. It's come to a problem: these power lines in Quebec. It's the first time I've worked for power since, but count on me to be that motorcycle messenger between Ottawa and Kington. I'm also a pretty good shot."

Aykroyd owns two pistols, a shotgun and a rifle in Los Angeles. "I've shot a lot of guns," he says. "I just don't like the way they're used. Even in L.A., you've got to have a gun in the house. It's essential."

Guns, cars, blues, plants, harmonicas. Aykroyd likes his toys. But these days his favorite is the word processor. He has recently written two scripts for a Ghoulabier sequel, a film that would, a movie he wants to do with Chevy Chase called *Claydon and Axlward*—"It's obviously rushing in on *Dennis and Gherard*," he says—and "300 pages [many Hollywood caper novel]." Adds Aykroyd: "If I had the time to do something exclusively, I would write for the screen. I like the pure process of it. Getting up at eight in the morning. And seeing at the end of the day that I actually have produced them, from start."

Aykroyd, Aykroyd, the song-and-dance man continues to front the Blues Brothers. He's now doing a new record from the *Saturday Night Live* skit and the 1980 movie. Jim Belushi has released his own record, brother, John. As Aykroyd's partner on stage, *And Roseanne's* John Goodman, "who has a better voice than Jimmy [myself or myself]," says Aykroyd, has become a third member of the Blues Brothers. (He rode, as the Chicago-accented Elwood Blues, he hosts a weekly syndicated blues show. And, although he does not own it, he promotes the ever-expanding *Blues* festival in Kington. "I see it as a responsibility," he says. "I'm a good salesman." And if the real world were not big enough to absorb his energies, he continues to play piano for the perennial, most recently by hosting the TV show *Pat Factor*.

Get Aykroyd talking about close encounters of the spooky kind, and there is no stopping him. He believes in occurrences that "he actually defy the four dimensions—time loops, time warps, apparitions, all sorts of weird people. Believing in things in two places at once." He also maintains that the U.S. government is hiding evidence of alien visitation. The great film, for example, "In North Vietnam, it was reported that farmers in red pajamas were getting their heads eaten and kicked to bits by a creature," he says. "They went in and found a nest of flies the size of chow dogs, with life-sized arms and mandibles. And they determined that these flies had built out of an alien probe, a meteor-like capsule. They have one in a freezer somewhere."

Really? Aykroyd looks dead serious. Is he? Hard to say. Either he is serious so open that Forrest Gump could seem cynical by comparison—or he is a better actor than anyone gives him credit for. □

REQUIEM FOR A DREAM

BY JUNE CALLWOOD

In the space of one week, early in December, I had two old encounters. In the first, an elderly man approached me as I was buying a coffee with a friend. He said it was a terrible shame that the Arrow—the super-secret fighter jet designed and built by Canadians in the '50s—was gone. No, he hadn't worked on the Arrow, as 34,500 did, and he hadn't even seen one, except in pictures. But it was a shame, he said again, and suddenly tears came to his eyes.

A few days later, I bought a newspaper from a homeless man on a street corner. He gave me a sharp look and said "Do you think there's still one Arrow they had in the '50s?" I said yes. He thought that over and then said firmly "I hope you are right."

The sense of personal loss inspired by an elegant, all-Canadian warplane—in its time, the most powerful in the world—has to be more than chauvinism. I used to think that grief for the Arrow was confined to people who knew it, as I did slightly, or to those who are pilots, as I am, also slightly. But the Arrow seems to have touched a domain of perfection that is irrefragable, and its destruction as a kind of apocalypse.

I don't recall that in the '50s we imagined that the Arrow would carry such symbolic freight. It's not that we weren't proud of Canada's audacity in building the world's best combat airplane, superior to anything developed in the United States or the U.S.S.R. My point is that the Arrow didn't seem a failure. We thought it was clear that Canadians would be among the best, if not the best, at anything we really tried to do.

That cozy confidence was a curious by-product of the normally dolourous psyche of Canadians, but most of the young adults of the '50s had reason to feel invincible. After living through the Depression of the Thirties, during which almost all of us had known poverty's horror, we were eating three times a day in houses with bay windows, a maple sapling in the front yard, and a car in the driveway. Our generation fought gallantly in the Second World War, Canadian infantry, sailors and airmen always getting the dirtiest end of the stick. We had put our casualties and horses behind us and were raising children who went to universities.

In 1957, just two years before the Arrow was scrapped, Canada was the fifth-largest industrial nation in the world, with the second- or third-highest standard of living. Lester B. Pearson had just won Canada's first, and only, Nobel Peace Prize for taking the stretch out of the Suez crisis, which almost became the Third World War. Canada's brilliant diplomat, acknowledged to be the world's finest, arrested the tide of international power forces and sold it to the United Nations. Canada's world status had gone swiftly from "second rate" to "middle power."

Having recently freed ourselves from most of our

colonial ties to Britain, Canadians were growing independent. The country was losing its economic sovereignty to the United States, James M. Munn, an Ottawa-maker or *Produce-Mentory*, described U.S.-Canada relations graphically as "inseparable with one horse and one rabbit." When the Arrow production line began to roll, we thought it would be a triumph story.

In the fall of 1956, Pierre Berton, then managing editor of *Maclean's*, called to assign me to write about the phenomenal Incoque engine that Orenda Engines Ltd., a subsidiary of A. V. Roe Canada Ltd., was building for the Arrow. It now seems odd that Berton's wanted a story about the engine rather than our featuring the showy Arrow, but the assignment didn't strike me as notable otherwise—though some people, particularly aeronautical engineers and bomber pilots, later showed pointed disinterest that a woman was interviewing them.

I learned immediately that the Incoque engine was seriously behind schedule. It would be a long way before it powered anything, and longer before it was ready to be installed in the Arrow. Aircraft design normally is evolutionary, each new model bearing striking resemblances to its parent, but the Arrow team bravely had jumped several generations. The result was a Frankenstein that was at least beyond the capacity of its anatomy to control. When this massive Incoque was last fired the first time in its test bed, it not only sucked out the cell's asbestos insulation, turning the interior into a winter wonderland, but it also created a roar so thunderous it could permanently dent the ground crew—and some believed the noise would kill a person even 200m behind. But Avery, chief design engineer, working in his garden 25 km away, could hear the Incoque rattling in its test bed despite an advanced sound-mitigating system.

Certainly the Incoque's power never powered the Arrow full-throttle, not with a hush at the controls, because the heat from friction would roast the pilot. The Incoque, in truth, was not so much an engine for a superior high-altitude aircraft as it was a rocket-booster for space exploration.

Such an engine needed to be mounted in a huge plane for its preliminary air tests. The Royal Canadian Air

A reporter remembers the glory days of the Arrow



Callwood in 1956 and her Incoque article: real-things

Force therefore borrowed a six-engine B-47 bomber from the U.S. Strategic Air Command and then, with Washington's agreement, turned it over to Orenda. The next step was ready from a design point of view. Canadian, near Montreal, mounted a pod for the Incoque outside in the tail of the B-47, because it would have shooed other planes to prevent if it had been placed further forward. The huge appendage looked like an obscene girth, and was balanced off with tons of ballast.

I dutifully went to an SAC base in Wichita, Kan., and flew in a B-47 to get the hang of the problems the Incoque test pilots would be facing. The B-47 was then an obsolete machine bomber, undergoing disbandment by the larger B-58 as America's nuclear bomber and Cold War deterrent. The cockpit was tiny, I discovered, the fuel-monitoring so delicate that pre-computer pilots earned slide

control. Some time after, people close to Orenda called me with horrifying news: the Arrow and the Incoque were being chopped into small pieces. My security passes had always been false-specific, so I knew it would be impossible for me to gain admission to the site. I spent the day in grief and outrage and went back in a state of misery.

Our house is in Toronto's west end but distant enough from the airport that we rarely hear planes. The next morning, I was awakened before dawn by the loudest airplane engine sound I have ever heard: its shattering roar filled the sky for a long moment and then subsided as it flew away.

"The Arrow?" I thought in amazement. Nothing else could make such a racket. Someone has flown an Arrow to test it. Maybe, as maybe somewhere, perhaps packed in straw in a barn, one poignant Arrow remains. Dreams aren't mortal. □

rules, and the tips of the flexible wings dipped a full five metres in flight.

Two Orenda test pilots, Michael Cooper-Slapper and Leonard Hobbes, both former RAF fighter pilots decorated for courage, piloted the weed thing from Montreal to Toronto. An Incoque engine was installed in the pod, and around noon on an overcast Nov. 13, 1957, the B-47, its SAC insignia and Incoque visible through a coat of paint and its six engines streaming long black smoke like a coal-drover train, climbed laboriously into the sky. It was followed by an RCMP CF-105, which hovered like a barnyard law during a funeral as the chase plane's function was to notify the test pilots if the Incoque caught fire, a fire the Incoque said it had been looking for.

At an appropriate air speed, enough to make up the slack in Incoque which otherwise needed a starter engine, the pilots opened the B-47's highest seventh throttle, and the Incoque caught. A historic moment.

The Arrow, temporarily outfitted with better American-built engines, also was being air tested. It was the most beautiful plane I will ever see. Even parked on its tail legs on the tarmac, it made your heart ache. When it lifted straight up into the sky, a silver white arrowhead, it was poetry I never saw it take off without my eyes stinging, and I would die only once.

My story about the Incoque appeared in *Maclean's* in February 1958, under the title "The day the Incoque flew." Almost exactly a year later, the country was shocked to hear that the Arrow was being cancelled. Some time after, people close to Orenda called me with horrifying news: the Arrow and the Incoque were being chopped into small pieces. My security passes had always been false-specific, so I knew it would be impossible for me to gain admission to the site. I spent the day in grief and outrage and went back in a state of misery.

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Fleeing the promised land

The office of immigration lawyer Yves Groulx in downtown Montreal is decorated with Russian antiques: a pair of the poet Aleksandr Pushkin, several wooden dolls and a framed school diploma featuring the picture of Soviet icon Vladimir Lenin and the hammer and sickle. They are gifts from grateful clients. These days Groulx has husbands full, working mostly with Israeli citizens of Russian origin who came to Canada fleeing persecution in Israel and requesting asylum. "When they win their cases before the federal Immigration and Refugee Board's panel in Montreal, Groulx's clients show their gratitude. They come back to shake my hand and give me gifts," says Groulx. "And they refer more clients to him. 'This is my brother and brother,' says Groulx.

"This is my source of revenue. Not just Israel, but mainly Israel." Groulx is one of about 10 Montreal lawyers who represent Israeli refugee claimants. From 1982 through 1995, independent federal tribunals in Canada admitted 750 Israeli citizens as refugees—arguing that they fit the Geneva Convention definition of being a "well-founded fear of persecution" if they return to Israel. It turned away 1,655 claimants from Israel in the same period. Lately, the number granted refugee status has dropped to less than a dozen. The Montreal office of the federal Refugee Board, from January through October, 1995, 76 Israelis won refugee status, 435 were turned down. Serge Vallee, chief of the board's documentation centre, shrugs when asked why fewer Israelis are winning their cases.

Russian expatriates arriving in Israel: some migrants from the former Soviet Union claim that Israeli authorities against them.

and says, "There are less who are meeting the criteria of the Geneva Convention."

But that explanation does not take into account the effect of pressures exerted on the board. Even as refugee admissions dwindle, the Montreal rulings have upset many people across Canada, including Israeli consular officials, the Quebec post-consent and Jewish activists in Canada. "The numbers accepted in Montreal are quite bizarre," says historian Irving Abella, a specialist in immigration and labor matters at Toronto's York University. "The Montreal office has been making the files from a different perspective and is being far more glibble, far more lenient."

Since 1994, federal immigration panels have been using altered criteria that resulted from a conference in Ottawa, based on new information, the numbers accepted in Montreal are going down.

The Montreal refugee claims are a small trickle compared with the torrent of more than 500,000 people from the former Soviet Union who have poured into Israel in the past seven years—increasing Israel's population by more than 10 per cent. Israel admitted them under its Law of Return, which says that anyone who has at least one Jewish parent or grandparent is automatically an Israeli citizen on arrival on Israeli soil. The massive influx has created natural tensions in the small, crowded country—and caused some people who say they cannot fit in at all to leave.

A study prepared in February, 1995, by the refugee board's research director, in Ottawa, says that 40 per cent of the former Soviet Union—states that all immigrants to Israel known as olim receive tax exemptions and preferential mortgage conditions that are not available to other Israelis, which says that they fit the Geneva Convention definition of being a "well-founded fear of persecution" if they return to Israel. It turned away 1,655 claimants from Israel in the same period. Lately, the number granted refugee status has dropped to less than a dozen. The Montreal office of the federal Refugee Board, from January through October, 1995, 76 Israelis won refugee status, 435 were turned down. Serge Vallee, chief of the board's documentation centre, shrugs when asked why fewer Israelis are winning their cases.

The paper says that unemployment among olim is officially at 30 or 40 per cent, and notes, "In elementary and high schools, Soviet Jews, referred to as *Russians* regardless of where in the former Soviet Union they came from, report verbal, and even instances of physical, abuse by their Israeli classmates." Groulx says that most of his clients are couples in which one partner is not Jewish and, as a result, suffered discriminatory treatment in Israel. From and Vladimir Kozlovsky, who worked as a ballet teacher in Leningrad before emigrating to Israel in 1989, say that they were victims of such treatment. She is Jewish, but her husband is not. "As soon as they started, 'Russian' or Vladimir's identity card," said Irina, "there was no work for him." (Stop for better opportunities in Canada, the couple flew to Montreal in November, 1995, and applied for refugee status. Last month, a tribunal rejected their claim. Now the Kozlovskys, both 60, are looking for ways to remain in Canada. They say that their decision to come to Canada was motivated partly by the fact that their first daughter, 18, was married in Israel in 1994. But the main reason was to escape discrimination in Israel," said Irina. "They hate Russians. One newspaper called Russians dirty sewage eaters who don't know what soup is or what toilets are for."

Those seeking to leave Israel do not need a visa to board a plane to Canada.

Most choose Montreal as their destination, in part because there are now ads in Israeli newspapers in which successful refugees in Montreal offer to help new claimants win their cases. Yael Abella says that many of those accepted as refugees in Montreal "just out of Canada claiming they were Jews and got into Canada claiming they were Christians." A past president of the Canadian Jewish Congress, Abella acknowledges that immigration to Israel has created hostilities and discrimination. But he says those with problems have plenty of places in Israel to turn to for help. "There are real hard-core religious in the world who need to come here," says Abella, "and I don't like to see their places taken by people who don't really need asylum."

Tensions over the Montreal refugee decisions erupted into a federal-provincial spat in September, when Quebec Immigration Minister André Bessière complained of having to foot the bill for the thousands of refugee claimants waiting a year or two for a hearing. "The rule of law prevails in Israel," says Bessière. "I can't understand how these people can come to Canadian Quebec and ask for refugee status." His federal counterpart, Lucienne Robitaille, later agreed to pay Quebec \$9.4 million towards the health costs of refugee claimants and to re-examine the procedures in place at airports and border points.

Canada is the only country in the world accepting refugees from Israel—a situation that disrupts Israeli officials. In Washington, Israeli consul in Toronto said November, says immigrants from the former Soviet Union are well in Israel. "I wish I could get what they get," she says. "We all envy the new immigrants. They get tax-exempt electrical appliances, they can import a car with no taxes."

Many Russians have integrated into Israeli society, she says. Two have become cabinet ministers, and there are now Russian language newspapers and even Russian schools in Israel. But Russians have even died for their country as soldiers," says Waldinger, 35, whose own father immigrated to Israel from Russia in 1953. "They have become a complete part of society."

But Mercier, the board's Ottawa spokesman, says Canada would accept refugees from any country. "We are considering that on a case-by-case basis, and we will try to provide protection," he said. "But also their ability." The Israeli situation might not be as dire as the world is witnessing now in central Africa, he added. "But I have seen decisions where factor A, factor B, factor C and factor D added up to so much that they constituted a persecution."

Meanwhile, new claims arrive constantly at Groulx's office. The lawyer cites articles on Israel from French newspapers, many of them more critical than the North American press tends to be. And he says the refugee panel members in Montreal have access to much the same material in French, which may explain their receptivity to his arguments. "Israel is discriminating," he adds. "It won't do it. I don't like the country. We're talking about the credit of citizenship." But he says Israel is not the place for his clients, and he doesn't want to see them open doors to those who seek to leave the promised land.

PETER KUTENSHUKOVICH in Montreal

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Justice

Betraying a trust

For the victims, there was no joy last week when junior hockey coach Graham James was sentenced to 3½ years in a federal penitentiary for sexually assaulting two former players. After provincial court Judge Frank Maloney read his decision, one of the unidentified victims, now an adult, wept on his wife's shoulder.

And James, who admitted guilt after Crown and defence lawyers passionately argued a plea bargain, was shaken as he was led from the court in chains. News of the results, which took place from 1984 to 1994, also stirred the elite of Ottawa's Jew and Smith, Carman, Sisk, and Calgary) where he had coached Western Hockey League teams. But in his decision, Maloney said that James's abuse of trust would be felt across the country by players, parents and coaches alike. "The shock of these events to the hockey public," Maloney said, "is devastating."

There may be some consolation for the victims: one of whom was only 14 when the sexual assaults began. Since last September, when the investigation into James began, public had been forced to resign as coach and general manager of the WHL's Calgary Hitmen, the Canadian Hockey Association has been considering measures to deter predators and sexual predators from seeking positions of authority in hockey. The umbrella organization for amateur hockey is drafting a screening policy that would require coaches and managers to be subject to a background check of, among other things, their police record. CHA president Murray Couston said the association hopes to put a formal screening proposal before its board of directors later this month. "We are seeking legal guidance as to what we can and cannot do," he said.

Sally the 45-year-old James would probably have slipped through such a screen. Prior to last week's verdict, he had no police record, and was admired in hockey for leading the Swift Current Broncos to victory

in the 1990 Memorial Cup. But any goodwill towards James has vanished. Crown prosecutor Bruce Foster said James exhibited "a contemptuous disregard" for the feelings of his victims, whom he had coerced with promises to help further their careers. "The coach is the father figure, the mentor and clearly an authority figure," Foster said.

"The player has a dream to make it to the NHL, and the coach can make or break that dream."

Calgary police say their investigation of James is closed, and Maloney imposed a publication ban to protect the players' identities. But a statement read in court said that the victim endured more than 300 assaults during a five-year period, and the second victim suffered 80 assaults over three years. The team soon quickly to distance itself from its founding coach—Hillmen president Louis Johnston says James's shame in the team was shared in total when he resigned. Still, his connection to the team as a public relations problem for other members of the ownership group.

A hockey writer for *West* (Ottawa's main daily) and NHL news Thomson's website says James's abuse of trust was "a betrayal of the trust that the players placed in him." Neither the CHA nor the WHL has banned James from coaching again, but his lawyer, Larry Scott, says the conviction will likely hurt James's employment opportunities. "In my experience as a defence counsel," Scott said, "people do not forget, or forgive, very easily." Scott, meanwhile, denied the courage of the two players who pressed charges and helped put James behind bars. "The most important thing," Scott said, "is that they can get on with their lives."

A junior hockey coach admits to sexual assault



James, just from the court in chains

Plenty of the Calgary Hitmen and Joe Sakic of the Colorado Avalanche. Sakic says he was stunned when news about James broke but remained silent, who played for James as a player in Moose Jaw, said only "if people want to speculate, they can."

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JAMES DEACON

People

Edited by
ANNA MARIA WICKENS



No more cute stuff

The Vancouver all-female pop trio outfit has gone where few independent bands have gone before—the pages of *Rolling Stone*. In November, the underground rock magazine featured the Canadian trio in a fashion item with a halitosis photograph. To top it off, vocalist-bassist Lisa Marie, 30, guitarist Robyn Lewis, 28, and drummer Lisa G., 28, just completed a "Scream" U.S. tour with the alternative band *The Mighty Boes*, which performs only in New York City on its own show, *Factory Showroom*. Cub's own latest, *Real*, has sold 13,000 copies since its July release—not bad for three women who hadn't considered their status when they signed to the Vancouver label Mace in July 1992, just 30 weeks after forming. Back then, critics dubbed cub's sound "outrageous"—referring to their edgy style—



Mace, Lewis, G—striving over an artist label

but the very mention of it now makes them cringe. "It's like trying to do the stuff you were the first day of school five years ago," explains Marie. "You just don't want to wear that any more."

Uncomfortable truth

Canadian film-maker Alan King never considers away from controversy. The movie cannot always be said for the CBC. Thirty years ago, King captured the hardships of 12 emotionally disturbed children at a Toronto residential treatment center in a 100-minute documentary called *Wendell's World*. Concerned that the film's language and raw scenes would be unacceptable to the public, the broadcaster shelved the film, which it had commissioned to provide insight into public

institutions. But Wendell's was showered with international awards, including the prestigious Prix du Court of Court of Cannes in 1987. Now King, 68, who brought back the rights to his work from the CBC last year, has finally found a Canadian network willing to show it. Later this month—but not without a little controversy. Ontario's publicly funded station, TVO, "had some discomforts as well," says King. "I pointed out to them if they weren't able to show that kind of film, I didn't understand what their mandate was. They agreed, and have been very eager to promote it since."

Tenors of the times

It was billed as the concert event of the century—the Three Tenors, Luciano Pavarotti, Placido Domingo and Jose Carreras, performing in Vancouver as part of a 12-city world tour. But their New Year's Eve show did not quite live up to the billing. Fans and media crunched ticket prices, some as high as \$2,000 each, while others questioned the reported \$1-million fee for each singer. Still, during slow ticket sales, promoter *Sea Waver/Hedra* tried to cancel the concert just weeks before. The singers' international promoter, *Martha's Hallmark*, stepped in and took over the production. Local newsmen called the concert lockouts and sales. Still, many fans were delighted and the Three Tenors held for a Toronto performance at the week-end with their fees—and, it seems, their egos—intact.

Domingo, Carreras, Pavarotti: world tour

An actor, a kid and a person

At the tender age of 30, Vancouver actor *Aud Palmer* is already a veteran of the big and small screens. Palmer, who started acting at age 3, co-starred in Fox's 1995 feature movie *Far from Home: The Adventures of Yellow Dog*, the last film Canada's *Playboy* has made before he died, and has made numerous guest appearances on television shows, filming a Vancouver scene from *The X-Files* to *Next*.



Palmer: 'You're not all I am'

In his latest project, he plays Michael Gilbertson in a *Small Town*, a made-for-TV movie that ABC will broadcast on Feb. 9. But Palmer says that he is busy doing more than just acting—he is also busy being a kid. "I play with my dogs, hang around with my friends, listen to music," says the Grade 5 student, who lives at home with his parents. "I like being an actor a lot, but that's not all I am. I am a person, too."

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Books

SIR WILFRID LAURIER AND THE ROMANCE OF CANADA

By Laurier L. LaPierre
(Shaddai, 264 pages, \$25)

There is something pleasantly old-fashioned about the title of Laurier LaPierre's new biography of Sir Wilfrid Laurier. Books had names like that 50 years ago, when the phrase "the romance of Canada" would have conjured up the young country's pastoral goodness—a distastefully elusive quality perhaps, but definitely beckoning out there beyond the horizon of the grain elevators. It is a sense of the land, as much ideal as reality, that many Canadians would love to recapture in these special times.

Today, Laurier—who was prime minister from 1896 to 1911, a period of great prosperity and optimism—is known mostly as the stately ruler who presided over the 50th. With his high forehead and flowing white hair, Laurier has the slightly otherworldly look of an ascetic, which the highly educated and keenly intelligent prime minister certainly was. There was also room in his expensive nature for an uncanny political astuteness: he created the Liberal hegemony in Quebec that was the basis of that party's national success for decades afterward. But beyond his grasp of realpolitik, Laurier was a visionary who persuaded the citizens of the fledgling Confederation to look beyond their regional concerns. His Tory predecessor, Sir John A. Macdonald, may have created the geographic reality of the nation, but it was Laurier, LaPierre argues, who used his great powers of oratory and the example of his own generosity and breadth of vision, to make people think of themselves as Canadians first.

In his introduction, LaPierre—a historian and self-journalist who is still remembered as his role on co-host on CBC television's *Midweek* in 1960s program *That Hour Was Never Done*—acknowledges that he began his book as an antidote to the depression he experienced after the 1992 defeat of his Charlottetown accord. A self-confessed *aurer* devotee, LaPierre has not discovered anything startlingly new about his



Creating the idea of Canada

Sir Wilfrid Laurier was a visionary
who fought against ethnic hatred

here. But he has balanced his clear accounts of Laurier's serious political battles (including his attempts to unite Canada from the seven outposts of the British Empire) with a fresh view of the private Laurier. He bases that portrait mostly on known sources, fleshing it out with bits of imagined dialogue between the prime minister and others. LaPierre's lively and deeply engaging account is less critical of Laurier than it might be. For example, it barely mentions the collapse of Laurier's trans-Canada railway building scheme. And it is less scholarly than Joseph Schull's 1995 biography, *Laurier: The First Canadian*. But it is completely successful at inspiring a warm admiration for Laurier the man.

Laurier in English: rising to
the generosity of compromise

LaPierre's laudatory chronicle of Laurier's 56 years of marriage to Zola LeBreton, whom he first met as an impoverished law student in the early 1860s. Laurier, who was born in the tiny village of Saint-Hilaire, near Montreal, in 1855, lost his mother to tuberculosis when he was 7, and was himself prone to severe respiratory ailments and bouts of depression as his kids. It was the tender (and sometimes lonely) companionship of the eldest son, Zola, LaPierre shows, that kept the great man going, but in their Ottawa home, said in *Arthabaska*, their country retreat in the Eastern Townships, LaPierre has found no evidence to support the long-standing rumour that Laurier conducted an extramarital affair with Zola's daughter, the wife of his legal partner and friend, Joseph Lavigne. In LaPierre's view, Laurier enjoyed the vicarious and widely read Emily as a friend only.

It was the genius of Laurier to realize the significance of his own character and background into a vision for the entire country. Raised in a French-speaking household, he acquired such a mastery of English that he enjoyed Milton and Shakespeare and it was the school of English literature, created by such writers as John Stuart Mill, that shaped his own progressive ideas of individual freedom as a pluralistic society. He saw Canada as a partnership between two founding peoples, and was one of the first to insist to co-venturer Protestant Catholics and Catholic Quebec to forge the dubious picture of religious and racial hatred. In this regard, LaPierre draws an instructive contrast between Laurier and Jean Boivin, the Quebec nationalist leader of the time, who played actively and subtly on his own people's prejudices. Laurier—who died of a stroke in 1919, while leader of the opposition—saw that the survival of the fragile federation would always depend upon the ability of its citizens to rise to the generosity of compromise. Or as he once put it bluntly: "There is no more urgent reform than educating public and giving opinion to understand, and until that reform is achieved, all other reforms are impossible."

JOHN HENKHOSE

Back man's burden

In his home in Thornhill, a suburb outside Toronto, Barbara Chabon-Casler writer Colin Foster is attempting to subdue the modern-day sins of his three-year-old son, Miesha. The two play near the fireplace, where more than a dozen porcelain trophies are lined up along the mantelpiece. They belong to Foster's two older sons, 13-year-old Michelle and 14-year-old Marygrace—recipients of their achievements in competitive swimming and soccer. These prizes, along with the best-of-the-best trophies, suggest that they are confident, well-adjusted children, secure at their place in the community. Yet Foster wonders: "Will my children ever be accepted as fully Canadian?"

For Foster, 42, the question is answered by number: could one of his three sons ever become prime minister? The query is largely rhetorical. But it is his new book, *A Place Called Home: The Missing Middle Class in Canada* (HarperCollins, 328 pages, \$39.95), Foster argues that deeply entrenched—and growing—Canadian racism dampens even the most seemingly attainable dreams, effectively draining the sense of belonging of an entire community.

Foster, a former business journalist with two novels to his credit, offers a provocative synthesis of the personal and the political. Most of the book is devoted to the experiences of a Jewish cross-section of African-Canadian life. The head of the Federal Court of Canada, Grenville Goodwin Chief Justice Justice Binnie discloses racism that his high-ranking position translates into significant influence for the black community. And Ontario Liberal MPP Alvin Curran wryly describes his term as the lone black member of a premier's cabinet. David Peterson's cabinet Foster also lists readers should be Toronto Jilted to paint a uniquely Canadian portrait of Chabon's wife, the Jamaican-born, Canadian-raised nurse convicted in the shocking death of local police officer Todd Roffin.

The author sets the media's fixation on Gayle's Jamaican background as evidence of extraneous racial attitudes.

Foster's opinion that racism is on the increase reflects racism itself: personal opinion and observation—he includes numerous anecdotes about police harassment

and education inequalities—but it rationally supports statistics. In addition, the book contains some (unfortunately badly edited, yet despite these weaknesses, Foster presents a provocative argument that the situation for blacks in Canada has deteriorated. He develops particular scrutiny to the situation in the Greater Toronto area, where—according



Foster: Attacks on Caribbean descent drive better to America

A writer argues that Canadian racism is getting worse

Statistics place the earnings of Caribbean-born males in the United States second only to that of white males. Foster further lists Americans of Caribbean heritage among the country's leading political players, including most recently, the former head of the Jamaican Police, Colin Powell (the son of a Jamaican). Powell's overwhelming popularity suggests to Foster that the American economic may be ready to elect a black man as president.

Foster himself spent his early years in a poor neighborhood in Barbados, where he grew up the youngest of three boys. His grandmothers raised the brothers after their parents emigrated to England. He worked as a journalist before arriving in Canada in 1975, where he eventually landed positions at *The Toronto Star* and *The Globe and Mail* and later became a senior editor at *The Financial Post*. His first novel, *No Man on the Moon*, appeared in 1995, and his second, *Story of the Hebrew*, in 1999.

These days, Foster shares his views on current affairs as a columnist for *The Toronto Star* and, for the past year, as host of a talk show on Toronto's biggest station, CFBT, where he frequently expresses opinions that irritate blacks—such as his opposition to the concept of black-focused schools. Many blacks opposed his decision to join the staff of CFBT in the first place, a station the community has traditionally perceived as seeking anti-black, anti-immigrant sentiment. CFBT has a history they have to deal with," Foster says. "But quite a number of blacks listen to the station, so now they are no longer victims."

Foster questions that Canadian racism is markedly less toxic, let alone optimistic that it can be dismantled through frank discussions—and some aggressive political maneuvering. His optimism is based on the inclusion and the empowerment of African-Canadians as a bold power play on the part of Quebec blacks, who he believes

have just enough voting power to cause a split between the federalists and separatists. He suggests that Quebec's 1,100,000-strong black population, support whatever party agrees to enter into constitutional discussions with black Canadians to determine which policies might best serve their own identity. "I don't think it's cynical," says Foster. "We have entered into an era of self-interest. Blacks have a long history in this country that goes back to the Empire. We can leverage that history in Quebec. We can force the federal government to make us feel wanted."

DOVNA NELSON

the eye of the storm

MORGENTHAU: A DIFFICULT HERO

By Catherine Daughly
Ottawa Citizen 474 pages, \$32.95

Canadians prefer their heroes to be modest and understated. Unfortunately there are precious few of that type, and Dr. Henry Morgenthau is not one of them. Although a deep compassion and belief in justice spurred him on his path as an abortion rights pioneer, little about Morgenthau is humble. Perhaps that is why these Canadians who do view him as a genuine hero nonetheless have a hard time celebrating the life of this Polish-born Jew, now 73, who saved Canadian legal, medical and moral history. And perhaps that is why Catherine Daughly, a feature writer for *The Toronto Star*, has tried her probing new biography, *A Difficult Hero*.

Thankfully Daughly never opens a philosophical discussion about abortion. She examines Morgenthau's life chronologically, providing an insightful—and sometimes exhausting—history of the fight for abortion rights in Canada. More significantly, she explores the links between Morgenthau's background as a survivor of the Nazi Holocaust and his crusade for female abortion. Assisted by Morgenthau's shadowy diary, Daughly reveals his physician's complicated personality without wading out of her depth into psychoanalysis. As Morgenthau's friend, the late Toronto businesswoman Gordon Edelstone told Daughly, "during his private life he was a man learning to live with the shadow of the Holocaust."

Revealing the private pain of Henry Morgenthau

Morgenthau was born in the small town of Lada, Poland, to wealthy-dynasty socialists involved with the Bund, a socialist, socialist movement. He was deeply shocked by his father's brave union organizer who had spent time in jail. Unusually, Morgenthau lost his mother in the swiftest death camp, his sister in Treblinka and his father in an unknown time. Only a few days after his mother's death, he was sent to a transport to Auschwitz and was



The doctor: a humanist hero for his abortion crusade

months in the Dachau concentration camp. A desire to live up to his father's example, and to overcome the fear and self-hatred that the Nazi horror imposed on him, later turned into a lifelong dedication to the pro-choice cause. As Daughly explains ably, Morgenthau came to the issue not as a feminist but as a humanist. As he was liberated from Dachau he vowed to become a doctor.

Two decades later, as a member of Montreal's Humanist Fellowship, Morgenthau presented the group's belief in an Ottawa police station, a clinic three decades after he began. Morgenthau personifies a profound transformation in Canadian society. Daughly is not merely not only chronicles that transformation but also exposes the contradictions of a woman's role in society. As he learned from the 1968 Supreme Court decision that was the culmination of his life's work, Morgenthau put on a Baywatch-style hero's persona and thought of his parents. "I told my mother this story was far better," he later wrote. "I talked to my father telling him, because of him, I became the son I am."

It was as if Morgenthau had finally proved to his Jewish father that he was not a Jewish boy who sheltered his youth.

and assaults, arson and bomb attacks in the clinics and a series of Supreme Court challenges culminating in the 1986 decision that struck down the federal abortion law as violating a woman's constitutional right to security of person and freedom of conscience.

But the biography's strength is its glimpse of the private man behind the superhero face and superior intellect. He has had recurring nightmares and bouts of severe depression due to stress, loss and his Holocaust trauma. He is estranged from his daughter, and his brother who kept him alive with scraps of food in Dachau would not talk to him for years. (They reconciled before Mike's death earlier this year.) Morgenthau also inherited four children by three different women. Daughly writes of his two marriages and numerous romantic liaisons as well as his experiences with LSD, prison, screen therapy, the Indian guru Bagwan Shree Rajneesh and frequent escapes to Club Med.

Daughly slows her narrative by receding every now and then to establish Morgenthau's clinics across the country. And, given the space she devotes to pro-choice activists, the author could have provided more detail on Morgenthau's foes, such as the late Joe Bonowski, who unsuccessfully fought his own Supreme Court challenge to have the rights of the fetus constitutionally protected. But Daughly achieves virtuosity in some sections, including her description of Morgenthau's self-defeating rebellion against authority while in prison, and of his sobbing uncontrollably a year ago after he reportedly ended his decade-long relationship with his wife, Judith. In the end, a mother of his nine-year-old son.

Today, Canadian women need not fear death or anxiety at the hands of backstreet abortionists or drug dispense, self-induced methods. The authors are no longer self-defeating women or their physicians, but those who violently oppose them. Self-empowering sight of Canada's 18th anniversary of clinics three decades after he began. Morgenthau personifies a profound transformation in Canadian society. Daughly is not merely not only chronicles that transformation but also exposes the contradictions of a woman's role in society. As he learned from the 1968 Supreme Court decision that was the culmination of his life's work, Morgenthau put on a Baywatch-style hero's persona and thought of his parents. "I told my mother this story was far better," he later wrote. "I talked to my father telling him, because of him, I became the son I am."

NORMA MORRIS

Allan Fotheringham

What JoJo Savard could not predict

It's cloudy in the crystal ball, but eventually the mist clears and all becomes apparent. The misty gauze crystals in the floor separate and the destination dials. Slowly, the future becomes clear. All in 1990, becomes discernible.

Michael Jackson, again divorced, will marry Madonna, who has been divorced once, before she became again virginal, although she has a child, accredited to Michael who already through another lady, will also produce one. We think it's a turkey-baster baby.

Shelia Copps, who after her GST debacle topped things all by claiming that only 19 employees of the CBC—her partybuds—had been sacked and had to admit she got her evidence through a newspaper columnist she had read, will say something stupid. Bet your house on it.

The Vancouver Canucks will not win the Stanley Cup, despite having the two most scoring players in the American Hockey League.

Frank Brimacombe, the Computer Columnist at Canada, will despite of the lead Paul Martin has over him in the race to become the next prime minister, and will accept a Bay Street salary verging on \$5 million (U.S.) to teach Matthew Barrett how to use a computer. Elizabeth Dole will start her run to be the Republican candidate for president in the pre-nuptial year of 2000. She is actually seeing in sentences.

Peter Manning, following on his brainiac political success in showing up in the House of Commons with a haircut out of the Forest, will appear this year with his head entirely shaved—as is Michael Jordan—with his baseball cap on backwards. People in Red Deer will cry in the streets. Tony Blair will slaughter John Major in the British spring election. The Tory PM being replaced by Michael (Tamas) Birchmore who has been described by an upper class Tory as "the type of man who will comb his hair in public."

So nonrepresentative of the Canadian Army—heroes of Vimy Ridge and Dungeness will be killed in mass over-burials that they breed delivery women of Plaza 61 to stand in the snow while they searched for their credit cards. Plus the fact they were defeated in a sawing-log contest to bring in black material gagging Tickle Me Elmo dolls for Christmas.

Admiral Turbot of Newfoundland, who hated his library as a deck jockey at an American military base on the Black—disappearing



BY TONY

at the lead Paul Martin has on him to be the next PM—will accept the offer to succeed Peter Gosselin as host of *Monsieur*.

Speaking of that, the confused J. Chretien, despairing of his disastrous choice of the gawdless Terry Patten Barty as chosen boss of the CBC, will finally take his camera and his hand and do what no previous PM has had to do: courage to do. Appoint Moses Zinner, who has lasted after the job over since he was a black-leather jack street, snarler, Montreal, syndicator, TV reporter, the only hope to take The Carpet into the next century which Laurence, 16 years president, said would belong to the Great White North.

Neither Al Gore, for the Democrats nor Jack Kemp, for the Republicans will be their party's candidate for president in 2000. You read it here last.

Lucien Bouchard, who remains far less than he does his own party support, will become incrementally dispersed of the knowledge that the hard-core separatist believers in the Parti Quebecois don't really trust him, an opportunist who has flitted through four political parties in his adult life. They are correct. Their distrust—and his troubled personal family life—will wear him down. Hanging on him like an anchor will be the lurking presence of hapless Jacques Parizeau, who promises to be "not far away"—a Marjorie's Ghost forever claiming his chair in the background. As the philosopher said: "I don't worry about my enemies, just protect me from my friends."

The Green Day Packers will win the Superbowl.

The last story of 1997 will not be in the West Bank of Israel but in Hong Kong, where on July 1 the passover of control from the British to the People's Republic of China will cause a chaotic disorder to bring shareholders due to the 6,547 repatriates an expense account flooding the colony's news without stable.

Aula bloom J. Chretien, urged by his wife and sensible wife, Alice, to quit while he's ahead and resign quietly after his victory next spring, will instead resist the rising reputation of Paul Martin as the strongest leader in the government, and will obstinately hang on to another term. While being the only Liberal prime minister this century who cannot carry his own revenue.

Michael Jackson, the Black cat he agonized in history, will embark resolutely upon Dr. Dre's Bailey in their hyped-up 13000 model race in Toronto's Sky/Dome on May 31. In a straight-out 15000 dash, Bailey could survive. On a curve, which his bulky body detests, is a choice.

Madonna, dumb, dumb, predicting that she will win an Oscar for *Evita*, will not get it. After all, there's Michael singing.

William Ingleworth Chaston, the most gently chairing-aged president since John Fitzgerald Kennedy, will survive his small human of accusations from Paula Jones, mostly because the American public is bored, preferring an early ready by a Rob Dole who poisons them to sleep while Sick Willie can eat working the tongue bar.

J. Chretien will waste no time to earth the day. No more his desire

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